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The "Money Machine": Drugs and the Colombian Economy, 1980-2007

by

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A thesis submitted to the Faculty of Graduate Studies and Research
in partial fulfillment of the requirements for the degree of

Master of Arts in History

Department of History and Classics

Edmonton, Alberta
Fall 2008

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Your file Votre référence
ISBN: 978-0-494-46965-1
Our file Notre référence
ISBN: 978-0-494-46965-1

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Abstract

Title: The "Money Machine": Drugs and the Colombian Economy, 1980-2007

Aided by a history of violence and a corrupt political and social climate, the drug trafficking industry has played a significant role in Colombia's economy since the 1980s. The prohibition of drugs has made the industry a "money machine," producing tremendous returns for those involved in the upper echelons of the business and offering significant rewards to those engaged in its more menial aspects. This thesis argues that, far from having a negative impact on the country's economy, the illegal drug industry has brought Colombia greater economic investment—both direct and indirect—than might have been achieved without its presence. This is demonstrated through the enormous profits drug trafficking organizations have injected into the economy as well as through the lucrative trade agreements that the Colombian government has secured with the U.S., providing military and social aid in exchange for drug interdiction and eradication programs.

For my dear husband, Javier:

Your steadfast love and encouragement made this possible.

I pray your beautiful country will one day be free from the shadows of war.

For my mother, Mary, who has always believed in me.

And finally, to David Johnson: Thank-you for sharing your passion for Colombia's history and its people.

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Introduction

During the 1980s, Colombia was the only country in Latin America to avoid the debt crisis, as well as the only nation in the region to evade a successive yearly decline in GDP throughout the decade.[1] Meanwhile, while most of Latin America experienced an economic crisis that stunted growth rates, the drug industry[2] was booming in Colombia,[3] giving rise to speculation about the role drug money played in keeping the nation's economy afloat during the 1980s and beyond.

Understanding the role of drug trafficking organizations (DTOs) in Colombia's economy can be difficult. Scholars interpret data sets differently, but overall a pattern emerges: Colombia's longstanding social, economic and political instability has turned the nation into a breeding ground for a wide variety of illegal activities, the most profitable of which is the country's thriving trade in PSADs (psychoactive drugs). And while protracted conflict has proven detrimental to many legitimate businesses, the illegal drug economy continues to thrive in the midst of these conditions while taking advantage of existing patterns of illegal activity found in other institutions.

Scholars often take one of two stances on the importance of drug trafficking within Colombia's ongoing conflict: (a) some analysts argue the drug industry is symptomatic of Colombia's armed conflict and that a solution to the violence must be reached before drug trafficking can be targeted; others (b) believe that the drug industry

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[1] Francisco Thoumi, *Political Economy and Illegal Drugs in Colombia* (Boulder: Lynne Rienner Publishers, Inc., 1995), 19.
[2] For the purposes of this paper, drug industry refers to traffic in illegal psychoactive drugs, rather than the legitimate pharmaceutical trade.
[3] Menno Vellinga, "The Political Economy of the Drug Industry: Its Structure and Functioning" in *The Political Economy of the Drug Industry: Latin America and the International System,* edited by Menno Vellinga (Gainesville: University Press of Florida, 2004), 3.

provides the funding that fuels the country's ongoing armed conflict and should be attacked directly through aggressive eradication and interdiction programmes.[4] While both views contain elements of truth, the rapid growth of the cocaine industry in the face of vigorous aerial eradication programmes indicates that the second view is untenable given the current situation.

It is this author's view that attempts to determine the role of drug trafficking in the economy and society of Colombia must take into account how the Colombian government has handled revenues and state power. Regardless of the government's stated intent to halt narcotrafficking, the drug industry continues to function as a tool for artificially supporting the economy while providing a social and economic environment in which conflict thrives and existing inequalities are reinforced. During the period between 1980 and 2007, Colombia's drug industry has rapidly evolved from a symptom of a weak state to a powerful economic institution that perpetuates the inequalities and violence endemic in the society that allowed it to flourish in the first place.

While the drug industry is inextricably tied to Colombia's continuing difficulties with armed conflict, it is important to recognize that many government and civil entities have a vested interest in supporting DTOs. Although drug trafficking has caused many businesses to view Colombia as a risky investment, on the whole, the nation's "drug problem" has arguably resulted in greater economic investment than might have been achieved apart from the influx of drug money. In a somewhat ironic twist, Colombia's role as a leading trafficker has led to lucrative trade agreements with the United States based on promises to eradicate coca and other illegitimate drug crops in exchange for

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[4] Marcelo Giugale, Olivier Lafourcade and Connie Luff, *Colombia: The Economic Foundation of Peace* (Washington, D.C.: The World Bank, 2003), 44.

military and—to a lesser extent—social aid. Nevertheless, while Colombia's economy may receive short-term benefits from the drug trade, it is likely that Colombian society will continue to suffer from the deep instability that drug trafficking produces.

The research for this project is largely qualitative, as quantitative data is almost totally absent, given the illegal nature of the psychoactive drug industry. Reports published by the U.S. Departments of Commerce, Justice and State and the United Nations Office for Drug Control and Crime Prevention and the World Bank have been important sources of data, as have reports from Colombia's Ministry of National Defense and the Vice-Presidency of Colombia's report on the situation of human rights in Colombia. Finally, I've drawn on a number of newspaper and journal articles, particularly those from Colombia's *El Pais* and *The New York Times,* which have served as an important source of 'local' data on the workings of Colombia's drug industry and its influence on the nation's economy.

Chapter I.

Why Colombia? The Origins of Drug Trafficking and Violence in Colombia

In order to understand how Colombia became a bastion of Drug Trafficking Organizations, one must explore how the country's political and social environment evolved in such a way as to provide an ideal ambiance for illegal activity. A number of factors have contributed to the nation's current drug crisis, not least of which is the widespread corruption and violence that seems to permeate Colombian society and have deep roots in the country's history.

Colombia achieved independence from Spain in the early nineteenth century, following Simón Bolívar's defeat of the Spanish forces at the Battle of Boyacá on August 7, 1819.[5] Shortly afterwards, the Republic of Gran Colombia—which included the territory of modern-day Colombia, Venezuela, Ecuador and Panama—was formed under the leadership of Simón Bolívar, who was given the title of "Liberator."[6] Bolívar became the first President of the Republic, with Francisco de Paula Santander serving as vice president.

Although they started out as close allies, Bolívar and Santander soon developed sharply differing political views on a number of issues. Most notable among these was Bolívar's adoption of a "dictatorial constitution" which enraged liberals and culminated in Santander's alleged involvement in an assassination attempt on Bolívar.[7] Broader conflict soon emerged between the followers of Bolívar and Santander, which paved the

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[5] Frank Safford and Marco Palacios, *Colombia: Fragmented Land, Divided Society* (Oxford: Oxford University Press, 2002), 97-98.
[6] Ibid., 104.
[7] Ibid., 25-126.

way for the creation of Colombia's two modern political parties. Supporters of Bolívar supported the development of a strong centralized government with close ties to the Roman Catholic Church and limited suffrage; Santander's followers went on to form the Liberal Party, which advocated a decentralized government characterized by state controlled education along with more universal suffrage.[8]

Throughout the nineteenth and early twentieth centuries, Colombian politics were dominated by ongoing conflicts between the Liberal and Conservative parties. Moreover, the parties themselves were divided into various factions that clashed repeatedly over a number of issues. Divisions between the leading parties became more intense throughout the nineteenth century, as a result of the Conservatives ongoing attempts to exclude the Liberals from political participation.[9] This, combined with the economic crisis precipitated by a worldwide drop of more than fifty percent in coffee prices,[10] culminated in the three-year War of the Thousand Days. The war, which lasted from 1899-1902, led to the secession of Panama. Although many civil conflicts had erupted over the course of the nineteenth century, the War of the Thousand Days was by far the most vicious and protracted. It was characterized by violent partisan attacks. At the end of the conflict, approximately 100,000 lives had been lost and tensions between the Conservatives and Liberals remained high as Colombia entered the twentieth century.[11]

Although the country had emerged from the devastation of the War of the Thousand Days, the nation remained politically divided. Between 1885 and 1930

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[8] U.S. Department of State, "Background Note: Colombia" http://www.state.gov/r/pa/ei/bgn/35754.htm (accessed March 1, 2008). For more on the evolution of Liberals and Conservatives in Colombia, see Safford and Palacios, 132-156.
[9] Safford and Palacios, 248-250.
[10] Charles W. Bergquist, *Coffee and Conflict in Colombia, 1886-1910* (Duke University Press: Durham, N.C.), 103-4.
[11] Ibid., 133.

Colombia experienced a period of "Conservative hegemony," characterised by the Conservative's domination of the nation's political climate and the Roman Catholic Church's prominent participation in the government.[12] When the country experienced an economic crisis in the 1930s, following a fall in coffee prices that coincided with the Great Depression, the people elected a Liberal President, and the Liberals remained in power until 1946.[13]

One of the key issues in Colombia during the first half of the 20th century was land conflict in the rural countryside. Colombia began participating more actively in the world market and the country's export earnings quintupled during the period between 1918 and 1929.[14] As Colombia's export market (based heavily on agricultural products) became more profitable, entrepreneurs began seeking out ways to expand their land holdings.[15] They began staking claim to the land and evicting rural migrants in the process.[16] This was accomplished both through a legal land grant system as well as the illegal usurpation of public lands.[17] These land invasions resulted in numerous conflicts between landholders and peasants that escalated until 1936, when the Colombian government instituted Law 200, which was intended to quell peasant protest and satisfy land entrepreneurs by legitimizing all land claims that had not been challenged prior to 1935.[18] Law 200 also clearly established "economic utilization" as the sole grounds for

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[12] Saffod and Palacios, 266.
[13] Ibid., 275, 288
[14] Ibid., 274.
[15] Catherine LeGrand, *Frontier Expansion and Peasant Protest in Colombia, 1830-1936* (Albuquerque: University of New Mexico Press), 41-43.
[16] Ibid., 43, 50-56.
[17] Ibid., 50-51.
[18] Ibid., 151.

land ownership.[19] Nevertheless, while the law was intended to pacify large landholders and protect peasants, the poor, often illiterate farmers were at a distinct disadvantage. Many who were displaced as a result of the legislation became part of Colombia's permanent underclass of seasonal agricultural wage labourers.[20] Their dissatisfaction with the failure of this early land reform would later become an incentive for the government to renegotiate land tenure and also helped earn sympathy for the early guerrilla movements in the jungles of Colombia in the 1960s and 1970s.

The modern roots of violence in Colombia are often traced back to the middle of the last century and the riots that erupted following the assassination of the popular Liberal presidential candidate Jorge Eliécer Gaitán on April 9, 1948. Gaitán's presidential campaign focused on growing popular unrest and highlighted the excesses of Colombia's elite.[21] Immediately following Gaitán's death, crowds of his outraged supporters retaliated by looting the city, setting fire to public buildings, storming prisons and setting criminals free. In a single day, thousands of the people of Bogotá were killed.[22] These riots, later known as the *Bogotazo,* gave birth to a period of sustained conflict referred to in Colombia as *La Violencia* (literally, "The Violence," in Spanish), which lasted from 1948 to 1958. It is estimated that as many as 300,000 Colombians lost their lives during the protracted conflict, though arriving at an accurate death toll is nearly impossible given the widespread criminality that flourished throughout the period.[23]

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[19] Thomas Lynn Smith, *Colombia: Social Structure and the Process of Development* (Gainesville, Florida: University of Florida Press, 1967), 374.
[20] Ibid., 159-161.
[21] Safford and Palacios, 316-317.
[22] Palacios, *Between Legitimacy and Violence: A History of Colombia, 1875-2002* (Durham: Duke University Press, 2006), 142.
[23] Ibid., 136.

The events surrounding *La Violencia* are often portrayed as the "culmination of partisan history" in Colombia.[24] But even this most partisan of conflicts was inextricably linked to longstanding socioeconomic and cultural animosities. Mary Roldán argues convincingly in *Blood and Fire* that while *La Violencia* might have appeared to be a purely political conflict, it actually served as a mechanism for allowing longstanding tensions between subalterns and Colombia's landed upper class to come to the surface.[25]

The National Front Attempts Land Reform

The violence between the Conservatives and Liberals subsided following the establishment of the *Frente Nacional*, or National Front in 1958. Essentially a "gentleman's agreement" between the elites among the two ruling parties, The *Frente Nacional* was a power sharing deal in which the Conservative and Liberal parties of Colombia agreed to share power by alternating control every four years. In addition, it required that all elected and appointed positions be shared equally between Conservatives and Liberals (no provisions were made for third parties).[26] The National Front was slated to remain in place for sixteen years, after which both parties agreed to slowly abandon the system. Free Presidential and Congressional elections resumed in 1974, although both parties agreed to continue sharing some bureaucratic powers until 1978.[27]

In addition to promising to eliminate violence between the two leading parties, the National Front also promised to attack a number of Colombia's social and economic ills,

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[24] Mary Roldán, *Blood and Fire: La Violencia in Antioquia, Colombia, 1946-1953*, (Durham, North Carolina: Duke University Press, 2002), 29.
[25] Ibid., 29, 284-285.
[26] Bert Ruiz, *The Colombian Civil War*, (Jefferson, North Carolina: McFarland, 2001), 108.
[27] Robert H. Dix, "Consociational Democracy: The Case of Colombia," *Comparative Politics*, Vol. 12, No. 3. (Apr., 1980): 308-309, http://links.jstor.org/sici?sici=0010-4159%28198004%2912%3A3%3C303%3ACDTCOC%3E2.0.CO%3B2-C (accessed March 3, 2008).

including unequal land distribution, education, and regional development. This was partly due to pressure from the United States. Throughout the 1960s, the United States paid close attention to Colombia's political and economic situation as part of its Alliance for Progress. The Alliance was established during the presidency of John F. Kennedy in order to prevent the spread of communism by encouraging reform from "within a framework of democratic institutions."[28] President Kennedy described the rationale for the Alliance as follows:

> [t]hose who possess wealth and power in poor nations must accept their own responsibilities. They must lead the fight for those basic reforms which alone can preserve the fabric of their societies. Those who make peaceful revolution impossible will make violent revolution inevitable.[29]

Colombia's geographic position in the Caribbean (close to the threat of socialist Cuba) made the country an important strategic partner for the Alliance and it was seen as a "pilot area" for testing the success of the Alliance's programs.[30] The Agency for International Development (AID) also saw Colombia as "one of the major hopes for rapid development" and an important bulwark against the spread of socialism.[31] In order to help facilitate reform, the United States and international agencies contributed more than $833 million between 1961 to 1965 to Colombia's development projects in the form of loans and other aid.[32]

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[28] President John F. Kennedy, as quoted in Willard F. Barber, "Can the Alliance for Progress Succeed?" *Annals of the American Academy of Political and Social Science*, Vol. 351, The Changing Cold War (Jan., 1964): 84, http://links.jstor.org/sici?sici=0002-7162%28196401%29351%3C81%3ACTAFPS%3E2.0.CO%3B2-T (accessed March 26, 2008).
[29] Ibid.
[30] Ernest Feder, "Land Reform under the Alliance for Progress," *Journal of Farm Economics*, Vol. 47, No. 3 (Aug., 1965): 654, http://www.jstor.org.login.ezproxy.library.ualberta.ca/stable/1236279 (accessed April 28, 2008).
[31] Stephen J. Randall, *Colombia and the United States: Hegemony and Interdependence* (University of Georgia Press: Athens and London, 1992), 233.
[32] Ibid., 234-235.

Throughout the early 1960s, Colombia's National Front appeared to be making impressive reforms. As a member nation of the Organization of American States (OAS) Colombia was the first country in Latin America to present an Economic Development Plan.[33] The result of these inroads was that Colombia soon began to face increasing demands to model the Alliance for Progress' mandate to help foster peaceful revolution through basic reforms. In 1961, bowing to pressure from the United States, as well as from within Colombia,[34] the coalition government undertook the task of reforming Colombia's land tenure by passing the Agrarian Social Reform Law (Law 135). Law 135 was developed with the goal of addressing longstanding inequalities in Colombia's land distribution.

At the time Law 135 was instituted, much of Colombia's land was tied up in the hands of a small group of wealthy individuals in large, often undeveloped estates known as *latifundias*. The remainder of the land was divided between *minifundias*—small subsistence properties that often could not support the families that worked them—and a much smaller portion of family farms. The result of this unequal distribution was the almost complete absence of a rural middle class. This was because the *minifundias* were too small to support families, forcing their inhabitants to work for the *latifundias* as a means of survival. In his 1967 portrait of land tenure in Colombia, sociologist Thomas Lynn Smith describes Colombia's land situation and argues that when a country's land distribution is based on large estates, rather than family-sized farms, inequalities are

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[33] Ibid., 232.
[34] Gonzalo Sánchez, "The Violence: An Interpretive Synthesis," in *Violence in Colombia: The Contemporary Crisis in Historical Perspective*, ed. Charles Bergquist, Ricardo Peñaranda and Gonzalo Sánchez (Wilmington, Delaware: Scholarly Resources, Inc., 1992), 119.

bound to emerge.[35] He also notes that in societies where the majority of land is concentrated in the hands of a few elites, this generally leads to low standards of living, sharp class differences and low levels of social mobility.[36] This has long been the case in Colombia, which has suffered from unequal land distribution since the Spanish Colonial period.

President Alberto Lleras Camargo was extremely vocal about the importance of land reform, and was particularly vocal about the problem of large tracts of unused land, referred to as *latifundismo*. Historically, there had been little incentive for landholders to even develop their land, and since land holdings were not taxed significantly, many wealthy families bought up large tracts of land as a means of consolidating their wealth. In a speech given before the National Peasant's Congress in Bogotá in 1959, President Lleras directly addressed the notion of redistributing land in Colombia with the assistance of a new land tax programme:

> The ideal agrarian reform, which can be promoted and stimulated by a tax system, is one with neither latifundia or minifundia, but with the owners soundly established on land that can be exploited well, intensively, and technically to obtain from their work a reasonable profit. I would say that Colombia needs to create a rural middle class, taken from the wealthy latifundia and the proletarian small landholders."[37]

Law 135, the Law on Agrarian Reform, was passed two years later. The reform was instituted with the goal of helping small subsistence farms, or *minifundias* improve their productivity through access to farming technologies and to raise incomes by encouraging peasant cooperatives.[38] Among other things, the law established the Colombian Institute

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[35] Smith, 7.
[36] Ibid., 7, 10.
[37] As quoted in Smith, 31.
[38] Nazih Richani, *Systems of Violence: The Political Economy of War and Peace in Colombia* (New York: State University of New York Press, 2002), 27.

of Agrarian Reform—the *Instituto Colombiano de la Reforma Agraria* or INCORA—which was meant to help guide the reform process.[39] INCORA was charged with determining which lands were in the public domain, verifying private ownership claims, creating family-sized subdivisions out of former large landholdings, and addressing the conflicts created in the wake of unofficial colonization programs, in which rural workers had begun cultivating land they did not hold legal title to.[40]

In its first months, Colombia's land reform garnered widespread support in Colombia and around the world. *El Tiempo*, one of Colombia's national newspapers, even ran a cartoon showing two men from rural Colombia staring at a tree marked "agrarian reform." One of the men turns to the other and remarks confidently "now it's starting to flower and soon I'll be picking the fruit."[41] In addition to the general air of optimism in Colombia, the United States also expressed hope for change. President John F. Kennedy referred to the country as the Alliance for Progress' "showcase" for its reform plans, and U.S. Secretary of State Dean Rusk said Colombia had accomplished more in the way of reform than any other country in the Alliance.[42] Unfortunately, this time of hopefulness came to an end rather quickly.

In its first year of operation, INCORA started ten new projects to parcel out land. INCORA director Enrique Peñalosa optimistically declared that agrarian reform would "benefit 10,000 Colombian families" in its first year. [43] But a year later, in February of

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[39] Ernest A. Duff, "Agrarian Reform in Colombia: Problems of Social Reform," *Journal of Inter-American Studies*, Vol. 8, No. 1. (Jan., 1966): 75 http://links.jstor.org/sici?sici=0885-3118%28196601%298%3A1%3C75%3AARICPO%3E2.0.CO%3B2-E (accessed March 26, 2008).
[40] Smith, 254-256.
[41] *El Tiempo*, April 7, 1962, 4, as quoted in Duff, *Agrarian Reform in Colombia* (New York: Praeger, 1968), 74-75.
[42] Ibid., 75.
[43] *El Tiempo*, February 7, 1962, 20 as found in Ibid., 90-91.

1962, just 2,340 families had received land from INCORA's projects. By the end of 1964, some 21,072 families were granted land through INCORA, but this number is somewhat deceptive since 12,000 of these families received land in areas that were "unproductive and undesirable."[44] It was gradually becoming clear to most Colombians that Law 135 would not be able to achieve its goals without more support.

Although it seemed that real progress was in sight in the early 1960s, there were substantial obstacles to Colombian land reform. Many members of Colombia's elite soon came out in opposition to any changes to Colombia's land tenure, citing a number of different reasons why the process should not continue. Opponents of agricultural reform argued that redistributing land without compensating large landholders was unconstitutional.[45] They also felt that most rural Colombians lacked the education and drive to be able to put the land they received to proper use.[46] Large landowners established a number of associations to combat INCORA's projects, including the Association of Agriculturists and *Sociedad de Agricultores Colombianos* (Society of Colombian Agriculturists or SAC).[47] In 1959, Prior to the passage of Law 135, the director of the SAC wrote a letter to *El Tiempo* arguing that reforming land tenure was a bad idea because "agricultural workers are content…They don't like steady work."[48] The concept that farm workers did not desire land reform was raised repeatedly throughout the debate on land tenure, and succeeded in becoming a major conceptual obstacle for reformers.

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[44] Ibid.
[45] Ibid., 113.
[46] Ibid., 107.
[47] Ibid., 85.
[48] From a letter to the editor of the Director of the Society of Colombian Agriculturists, published in *El Tiempo,* March 10, 1959, 4 as quoted in Ibid., 107.

Many of those opposed land reform believed farm workers were too unprepared and uneducated to appreciate or desire any changes in land tenure.[49] And somewhat surprisingly, most supporters of land reform did not contradict this argument. Instead, they adopted the paternalistic stance that they would help the farmers of Colombia "whether they liked it or not."[50] This attitude was accepted by INCORA and made a central aspect of their policies. In keeping with the idea that agricultural workers required "re-education" in order to be able to farm properly, INCORA even made it mandatory for all land recipients to attend six months of vocational agricultural school in order to ensure that they developed the "skills necessary" to run a successful farm—[51]regardless of whether or not they had farmed previously.

In addition to concerns that the farmers of Colombia were not ready for a change in land distribution, many further expressed the fear that granting more land to small landholders would result in decreased agricultural production.[52] Some even resorted to fear mongering, arguing that redistributing land would paralyze the country's economy. Senator Uribe Misas contended that passage of the reform bill would cause the country to collapse into chaos similar to that of *La Violencia*. He warned lawmakers that parceling out land would "provoke bloody conflicts" that would "place public order in danger, as the proprietors will exercise the sacred right of defending themselves from the usurpers, as happened with the agrarian reforms of Guatemala, Bolivia, and Mexico, which ruined those then flourishing countries."[53] Senator Uribe Misas' comments struck a chord with

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[49] Ibid., 107, 109-111.
[50] Ibid., 109.
[51] Ibid., 109.
[52] Ibid., 117.
[53] Uribe Misas in Carlos Lleras Restrepo, et al., *Tierra: Diez Ensayos Sobre la Reforma en Colombia* (Bogotá: Ediciones Tercer Mundo, 1961), 64, as quoted in Ibid., 118.

Colombian elites who feared giving land to poor farmers would destroy the natural order and cause widespread panic and class warfare. In the end, although land reform laws were passed, Colombia's elite landholders did their utmost to ensure that they would have as little effect on land distribution as possible.

While some elites argued that restructuring land tenure would cause class warfare, others took a different, more economical approach to resisting reform. There was a significant group that believed land reform was pointless because there was not enough land to support Colombia's agrarian population. They argued that the only way to truly achieve reform in Colombia was through industrialization. This view was most clearly expressed in Canadian-born economist Lauchlin Currie's "Operation Colombia," in which he argued that too many people were trying to make a living from farming. [54] His solution (dubbed "The Alliance for Regress" by critics) was to move the majority of Colombians to the cities and improve farming technology so that more products could be grown by fewer people.[55] Currie's ideas received significant support, but had significant drawbacks, since the programme of rapid industrialization and urban migration he called for would have been costly for the Colombian government to put into action.[56] Furthermore, his plan did not address the unemployment problems that already existed in Colombia's urban centres and would have been exacerbated following the plan's implementation.[57]

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[54]Regis Manuel Benítez Vargas, "La Reforma Agraria en Colombia: Vigente y por hacer," *Economía Colombiana,* Edición 309, 2005, 45. http://www.contraloriagen.gov.co/html/revistaEC/pdfs/309_2_5_La_reforma_agraria_en_colombia_vigente_y_por_hacer.pdf (accessed May 5, 2008).
[55] Ibid. Also see Duff, 1968, 103-4.
[56] Duff, 1968, 104-5.
[57] Ibid., 103-107.

In the end, despite the multitude of arguments against the legislation, most Colombians were optimistic about the programme and agricultural reform was passed.[58] But while Law 135 appeared to achieve some success during the last months of President of Lleras Camargo's administration, INCORA was underfunded by President Guillermo Leon Valencia's administration and progress had slowed to a standstill just a few years later. Furthermore, while its detractors could not prevent the passage of Law 135, they made a number of changes to the original plan that helped ensure that the redistribution of land did not affect large landholders. For example, in spite of their stated aim to help small producers gain access to rich farmland, the National Front gave in to the demands of FEDECAFE, (the National Federation of Colombian Coffee Growers) a group representing the country's wealthiest coffee growers. FEDECAFE and other business argued that the rich agricultural land currently under their control should be left entirely out of any expropriations.[59] As a result, the law did more to expand Colombia's frontier than it did to help redistribute existing lands.[60] In the end, the law accomplished little because the terms regarding land distribution were unclear and the requirements necessary to qualify for land—such as the long periods of mandatory agricultural education—were so stringent that few were eligible.[61]

Disappointed with the achievements of Law 135, Carlos Lleras Restrepo, who was President of Colombia between 1966 and 1970, revived the issue of land reform by calling attention to the unemployment crisis facing Colombia as more and more peasants

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[58] Smith, 253.
[59] Richani, 28. Also see Elsa Maria Fernández-Andrade, *El Narcotráfico y la Descomposición Política y Social: El Caso de Colombia,* (San Rafael, México: Plaza y Valdés, 2002), 74.
[60] Thoumi, *Illegal Drugs, Economy, and Society in the Andes* (Baltimore: The Johns Hopkins University Press, 2003), 279.
[61] Richani, 28.

began migrating to the cities in search of work. In 1968, a new piece of land reform legislation, Law 1, was passed by Congress, but only after it had gone through enough revisions to make it acceptable to landowners.[62] In the end, while Law 1 recognized the rights of sharecroppers and tenant farmers, the law included so many restrictions that applying was almost impossible.[63]

Frustrated with the ineffectiveness of Law 1, Carlos Lleras Restrepo founded the National Association of Campesino [peasant] Users (ANUC) in 1968 in order to create "a more favourable climate for the implementation of agrarian reform."[64] The ANUC was designed to help Lleras Restrepo's administration put pressure on the leading parties to pass effective land reform by mobilizing peasant resistance.[65] This alarmed many landowners and the group's associations with radical political causes marginalized the movement and prevented them from gaining support amongst agricultural businesses and the industrial bourgeoisie.[66] In the end, Lleras Restrepo's plan was defeated. His administration's failed attempts to effect positive change left many of the agricultural workers involved in the ANUC with little faith in legal pathways of reform. As a result, Nazih Richani argues that the defeat of Restrepo's plan was a significant factor in the rise of the various Colombian guerrilla groups, because peasants who had been mobilized by the ANUC turned to the guerrilla "as a political alternative."[67]

In 1971, ten years after the initiation of the land reform, less than 1 percent of the lands that were pledged to be expropriated had been redistributed.[68] INCORA stopped

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[62] Ibid., 29.
[63] Ibid.
[64] Ibid., 30-31.
[65] Ibid., 29.
[66] Safford and Palacios, 327-328.
[67] Richani, 30.
[68] Ibid., 28.

distributing land that year, and in 1972 the National Front decided to give up on the land reform issue.[69] A few years later, President Alfonso López Michelsen proposed a tax on "presumed" income earned from property, as a means of discouraging *latifundismo* and persuading large landholders to sell large tracts of land going unused.[70] But this proposal also failed to pass through Congress, since there were numerous objections to the plan, including the fact that there was no agreed upon method for estimating the income produced from the land, or a reliable land census.[71]

Ultimately, the National Front failed to achieve a genuine reform of land tenure in Colombia, though it proved remarkably successful at curbing the violence that had raged between the Conservative and Liberal Parties throughout the 1950s. Nevertheless, the underlying political conflict was always present, and as Elsa Maria Fernández-Andrade points out, even this relative peace came at a price, since the National Front also functioned as a pact to block the channels of institutional resistance, such as third parties.[72] The National Front also fostered cooperation between the ruling parties that created a sense of unity among Colombia's elite and altered the country's political and social climate. During the *Violencia*, party politics had led to widespread violence and hatred. After the creation of the National Front (and its failures to achieve lasting reforms, particularly land reform), the most pronounced division was between rich and poor, rather than between Liberals and Conservatives. This class divide would later be exploited by guerrilla forces promising widespread reform to the masses of Colombian

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[69] Safford and Palacios, 328.
[70] Ibid.
[71] Ibid.
[72] Fernández-Andrade, 25.

peasants who were suffering from the effects of failed land reform and the decline of the subsistence economy.

The National Front's inability and unwillingness to create effective land reform was its most disastrous failure, fostering apathy among many of the country's poor peasants who saw it as further evidence of a corrupt and inefficient government. Frustrated with ongoing rural poverty, many families gave up on farming altogether and moved to the cities in record numbers. Throughout the 20th century, Colombia has experienced mass rural-urban migration that has transformed the country from a largely rural population to a primarily urban one. In 1938, just 29 percent of Colombians lived in urban areas.[73] Today, 31 million Colombians reside in the cities, while approximately 12 million live in the countryside.[74] This population shift has caused serious problems for the country because most of the cities lack the infrastructure to deal with urban migration. As a result, Colombia's cities have faced massive levels of unemployment, poverty, and overpopulation, in addition to problems with maintaining adequate sanitation and housing for city residents.[75]

In the 1960s, just as it appeared that the widespread destruction of the *Violencia* was beginning to be behind the nation, a new threat to Colombian security emerged in the form of a number of Marxist guerrilla groups seeking to overthrow the Government. In Colombia, the most significant of these were the pro-Cuban National Liberation Army (ELN), the pro-Chinese People's Liberation Army (EPL), the pro-Soviet Revolutionary

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[73] Safford and Palacios, 301.
[74] Giugale et al., 78.
[75] Ibid.

Armed Forces of Colombia (FARC), and the primarily nationalistic April 19 Movement (M-19).[76]

From the end of the National Front until the present, the Colombian government has focused a large portion of its resources on fighting an ongoing war against these insurgents. There have been several cease fires, but none have lasted for long. In 1984, during the administration of Conservative President Belisario Betancur, a ceasefire was negotiated between the Colombian government and several of the guerrilla groups, but it fell apart when the Democratic Alliance/M-19 returned to fighting the following year. Later, on November 6, 1985, the Palace of Justice in Bogotá was attacked by AD/M-19. [77] 115 people were killed, including eleven Supreme Court justices.[78]

For many years, armed insurgents have terrorised the Colombian population. According to Amnesty International, all of Colombia's leading paramilitary and guerrilla forces "have been responsible for deliberate and arbitrary killings of civilians."[79] These groups have also terrorized indigenous communities, murdering indigenous leaders who oppose their directives.[80] They have also been involved in assassinating labour and union leaders. In 1976, M-19 captured and killed José Raquel Mercado, the Afro-Colombian head of the Confederation of Colombian Workers (Confederacíon de Trabajadores

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[76] Edgardo Buscaglia and William Ratliff, *War and Lack of Governance in Colombia: Narcos, Guerrillas, and U.S. Policy* (Stanford: Hoover Institution Press, 2001), 5.
[77] U.S. Department of State, "Background Note: Colombia" http://www.state.gov/r/pa/ei/bgn/35754.htm (accessed March 1, 2008).
[78] *Ibid.*
[79] Amnesty International, *Political Violence in Colombia* (London: Amnesty International Publications, 1994), 67.
[80] Ibid., 69.

Colombianos, CTC).[81] The group later defended their actions on the grounds that Mercado had "sold out to the establishment."[82]

Outside of Colombia, the country's guerrilla groups are perhaps best known for their practice of taking and selling hostages. The U.S. Senate Foreign Relations Committee believes approximately forty percent of FARC's income comes from selling hostages.[83] For the last twenty years, Colombia has been the undisputed kidnapping capital of the world, accounting for more than fifty percent of the world's total kidnappings, although this number has been decreasing since 2001.[84] And while foreigners often fear traveling to Colombia because of kidnappings, the vast majority of victims are Colombian. Between 1985 and the year 2000, ninety-four percent of hostages were from Colombia.[85] Colombia's National Ministry of Defence reports that more than two thousand Colombians were kidnapped by rebel forces in 2007,[86] though the actual number is likely much higher, since only about twenty percent of kidnappings are reported.[87]

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[81] Ruiz, 130.
[82] Ibid.
[83] Rachel Briggs, "Hostage, Inc.," *Foreign Policy*, No. 131 (Jul. - Aug., 2002): 29, http://links.jstor.org/sici?sici=0015-7228%28200207%2F08%290%3A131%3C28%3AHI%3E2.0.CO%3B2-X (accessed April 1, 2008).
[84] Vicepresidencia de la Republica, "Situacíon de Derechos Humanos Y Derecho Internacional Humanitario, 2007," http://www.derechoshumanos.gov.co/observatorio/indicadores/informe_ddhh_dih_2007.pdf (accessed May 5, 2008).
[85] Briggs, 29.
[86] Vicepresidencia de la Republica, 22-23. See also Ministerio de Defensa Nacional, "Logros de la Política de Consolidación de la Seguridad Democrática": 12-15, March 2008, http://www.mindefensa.gov.co/descargas2/anexos/2649_Logros_y_Retos_de_la_Politica_de_Consolidacion_de_Defensa_y_Seguridad_Democratica.pdf (accessed May 1, 2008).
This number is about fifty percent lower than the previous year, a statistic the Colombian government attributes to the aggressive anti-guerrilla tactics of the Uribe administration.
[87] Gonzalo Sánchez G., "Introduction: Problems of Violence, Prospects for Peace," in *Violence in Colombia 1990-2000: Waging War and Negotiating Peace*, edited by Charles Bergquist, Ricardo Peñeranda and Gonzolo Sánchez G. (Wilmington: Scholarly Resources, Inc., 2001), 17.

The Interaction of Various Factors Contributing to Colombia's Success in the Illegal Drug Trade

Colombia's violent past and ongoing civil war rank high as reasons for its involvement in the illegal drug industry, because instability leads to crime and other social issues that create a climate in which the drug trade can thrive. However, not all regions plagued with endemic inequality and violence are destined to become leading traffickers and producers of illegal drugs. In their book on relations between the United States and the Caribbean, Anthony Maingot and Wilfredo Lozano present a framework for analysing how illegal drug trafficking develops, arguing that three pre-existing conditions—amply evident in Colombia—must be met in order for drug trafficking operations to be successful in any given country:

1. Pre-existing milieus of generalized corruption in both the public and private spheres.
2. Significant ethnic ties and loyalties along the transportation and transhipment routes and in the overseas diaspora in the metropolitan market.
3. The acquiescence or indifference of those nations with a major military and/or economic capacity in the region.[88]

Colombia meets each of these criteria, plus some additional conditions not mentioned by Maingot and Lozano, including Colombia's unique geography and long history of illegal trade.

The first criteria they mention—public and private corruption—has been present within Colombia for a long time—some would argue it has been a factor in the nation's development since its inception. The dominant classes' longstanding successful opposition to viable land reform is just one example of the corruption that has led to

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[88] Anthony Maingot and Wilfredo Lozano, *The United States and the Caribbean: Transforming Hegemony and Sovereignty* (New York: Routledge: 2005), 103.

widespread lack of faith in the Colombian government.[89] Furthermore, this lack of faith has been exacerbated by widespread belief that both leading political parties—conservative and liberal—function as a means of ensuring the country's elite maintain their power.

The notion that Colombia unfairly taxes its small middle class while leaving the funds of the immensely prosperous minority relatively untouched is supported by the fact that Colombia is a nation of some 42 million people in which only 740,000 pay income tax.[90] In 2001, the Colombian government forecast the loss of at least $3.5 billion in potential tax revenues due to tax evasion.[91] The Colombian state appears powerless (or unwilling) to enforce its own tax laws, and in spite of recent promises by the administration of President Alvaro Uribe to crack down on tax-evaders,[92] these statistics remains more or less static.

President Uribe's one-time "wealth tax" of 2001 represents a notable exception. The money from this tax programme was earmarked for security assistance and brought in more than $700 million dollars in taxes from Colombia's upper class. The tax funded two new army brigades totalling 6,000 men, allowed the government to hire 10,000 new police officers and paid for the organization of a "network of civilian informers" to combat the threat of rebel forces.[93]

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[89] Fernández-Andrade, 48.
[90] Daniel Christman, *Andes 2020: A New Strategy for the Challenges of Colombia and the Region* (New York: Council on Foreign Relations Press, 2004), 35.
[91] Juan Forero, "Burdened Colombians Back Tax to Fight Rebels," *New York Times*, September 8, 2002, Late Edition (east Coast), http://query.nytimes.com/gst/fullpage.html?res=9F05E0D6103EF93BA3575AC0A9649C8B63&sec=&spon=&partner=permalink&exprod=permalink (accessed February 1, 2008).
[92] Christman, 35.
[93] Forero, 2002.

Nevertheless, while this tax received widespread support from Colombia's security-anxious upper class, only 150,000 individuals and 100,000 businesses actually paid the tax, which was mandatory for all individuals and businesses with assets valued at more than $60,000 U.S.[94] The government believes that many people escaped paying the tax because tens of thousands of Colombians have failed to register their assets.[95] The Colombian government's failure to curb tax evasion not only supports the notion of Colombia as a victim of a weak and ineffective state, but also reinforces the unfortunately accurate stereotype that Colombians tend to view law-breaking as a normal part of life and highlights the prevalence of private sphere corruption.

Perhaps the most insidious symptom of Colombia's generalized corruption is its weak justice system. This led to considerable difficulties in the 1980s, when the corruption endemic in Colombia's courts forced leaders to extradite major drug lords to the United States to face justice. This policy resulted in violent recriminations targeting the general population as a means of blackmailing the government into trying drug traffickers domestically. Rather than deterring criminals and giving citizens a sense of faith in due process, Colombia's criminal courts have given offenders a sense of impunity, particularly when they have power and influence. This is not surprising, given the fact that between 1964 and 1994, the level of impunity for homicide was 97 percent.[96]

The Colombian judicial system's difficulty making criminals face justice is evidenced by drug lord Pablo Escobar's elaborate 1,000 square foot private jail cell in a

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[94] Ibid.
[95] Ibid.
[96] Palacios, 2006, 243. In contrast, between 1981 and 1996 the US murder conviction rate was between 50 and 60 percent. See U.S. Department of Justice, "Crime and Justice in the United States and in England and Wales, 1981-96," December 1998 http://www.ojp.usdoj.gov/bjs/pub/html/cjusew96/cpp.htm (accessed May 3, 2008).

prison nicknamed "La Catedral" (he often hosted cocktail parties in the cell, which was larger than the warden's room and came complete with handpicked fine furnishings, and a Jacuzzi),[97] and his remarkable escape from a prison guarded by 500 soldiers.[98] While the 1991 Colombian Constitution helped to address some of these inequalities by making important reforms such as creating an independent attorney general's office,[99] the preferential treatment enjoyed by those with power and influence continues to reinforce citizens' lack of faith in the system, causing many to seek justice privately.[100]

The second condition Maingot and Lozano mention is that strong loyalties are needed along transportation routes and within the target market in order for trafficking to function smoothly. This point is supported by the research of Francisco Thoumi, who points out that the huge influx of Colombian legal and illegal immigration to the United States has played a significant role in promoting the drug trade. The immigrants, he argues, have weak ties to their new country and represent the perfect channel for the circulation of illegal exports.[101]

Finally, Maingot and Lozano argue that the "acquiescence or indifference" of countries that possess a major military or economic presence in the region is also necessary in order for the drug trade to flourish. [102] This is perhaps the most difficult condition to establish, since the governments of both Colombia and the United States—

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[97] Thoumi, 2003, 210; Ron Chepesiuk, *The Bullet or the Bribe,* (Westport, Connecticut: Praeger, 2002), 142.
[98] Chepesiuk, 144.
[99] Thoumi, 2003, 209-210.
[100] Giugale et al., 44.
[101] Thoumi, 1995, 174-5 this is also supported by information gathered by the Foreign Broadcast Information Service (FBIS) as found in Peter Reuter, "The Political Economy of Drug Smuggling" in "The Political Economy of the Drug Industry: Its Structure and Functioning" in *The Political Economy of the Drug Industry: Latin America and the International System,* edited by Menno Vellinga (Gainesville: University Press of Florida, 2004), 135.
[102] Maingot and Lozano, 103.

which has maintained a strong economic and military influence in the region for decades—clearly opposes the psychoactive drug industry. The United States has spent billions of dollars in an attempt to curb the cultivation of coca and other illicit crops, along with the production of cocaine. However, if one looks beyond the rhetoric and examines the actual results of these campaigns, it appears that despite an aggressive crusade to eliminate crops and destroy trafficking networks, Colombia's drug trade has expanded in recent years, effectively demonstrating the ineffectiveness of these methods.

Moreover, while the U.S. professes a strong desire to halt drug production, many of the building blocks for producing cocaine base actually originate in the United States. As Anthony Maingot was informed in Colombia, more than half of the products necessary for processing cocaine powder, such as acetone, ether, sodium bicarbonate and sulphuric acid,[103] originate in the U.S. (50.96%),[104] with Trinidad and Tobago (28.44%) and Romania (11.44%) accounting for much of the remainder.[105] This not only demonstrates the drug traffickers' resourcefulness in using international trade for their benefit, but also highlights the Americans' inability to control the supply of ingredients that assist in drug production. Thus, while the United States gives the impression that it is eager to put a halt to the drug trade, its ineffectiveness in combating the influx of drugs from Colombia is quite clear.

In addition to the factors already mentioned—including endemic violence, corruption and inefficient programmes of drug control and eradication—Colombia also has a long history of smuggling and illegal activity that predates the current drug industry. This is complemented by a unique geographical position that favours Colombia.

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[103] Thoumi, 2003, 84.
[104] Maingot and Lozano, 103.
[105] Ibid.

Together, these two factors—combined with the impressive business acumen exhibited by leading drug traffickers—have helped give Colombians a significant competitive edge that has guaranteed the country's continuing dominance among drug trafficking regions.

While the vast profits made in the drug trade have been a more recent phenomenon, Colombia had a long history of both importing and exporting contraband prior to the ascendancy of the drug traffickers. Colombian emeralds have been smuggled out of the country since the Colonial period. In fact, Francisco Thoumi argues that the gem-smuggling industry provided drug trafficking organizations with the initial knowledge needed in order to successfully navigate the international black market, launder money and develop a cohesive criminal network that emphasised loyalty.[106] By picking up on these existing patterns of illegal activity, traffickers were able to better ensure the success of their operations.

Illegal enterprise enjoys a remarkable level of social acceptability in Colombia. In 1982, Pablo Escobar summed up the allure of drug trafficking in Colombian society:

> Fortunes, large or small, always have a beginning. Most of the great millionaires of Colombia and of the world have begun with nothing. But it is precisely this which converts them into legends, myths, and an example for the people. To make money in a capitalist society is not a crime but rather a virtue[107]

Escobar's words poignantly capture the mythic view that involvement in the drug trade can bring prosperity and respect. Pablo himself was born into a modest working class family, but he reportedly displayed an early flair for criminal activity by amassing a small fortune stealing gravestones, removing the inscriptions and re-selling them at a reduced

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[106] Thoumi, 1995, 173.
[107] Pablo Escobar, as quoted in Rensselaer W. Lee III "The Cocaine Dilemma in South America" in *The Latin American Narcotics Trade and U.S. National Security*, Donald J. Mabry, Ed. (New York: Greenwood Press, 1989), 61.

price.[108] After achieving enormous financial success as the leader of the powerful Medellín drug cartel, Escobar endeavoured to cleanse his reputation enough in order to be accepted by Colombia's social and political elite, attempting to join prestigious clubs and run for political office. In the early 1980s, Escobar was elected as a backup for Congress,[109] but he continued to face difficulties being received by the country's traditional elite.

Pablo Escobar's prominence did not guarantee him the ability to successfully win over the nation's ruling class, who continued to exclude him from the most elite clubs and churches.[110] Rejected by the conventional powers that be, Escobar went about establishing an alternate means of social legitimization through his charitable giving. He cultivated the image of a modern day Robin Hood, donating large sums to charity works in the poorest areas of his hometown of Medellín as a means of bolstering his popularity in the area. He even won the favour of some prominent priests as a result of his participation in building churches.[111] The power and authority Escobar had in Medellín made him a mythic figure, in spite of the notorious policy of violence and intimidation exercised by the Medellín cartels. For example, the Medellín cartel had a well-known policy of offering public officials the choice between taking a bribe or a bullet, giving rise to the expression "plata o plomo" (money or lead). In the end, Escobar perished in a hail of bullets during a police raid, [112] but he still managed to achieve a cult-like

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[108] Chepesiuk, 61.
[109] Thoumi, 2003, 204. Until the Colombian Constitution of 1991, each senator and representative had an "alternate" that could sit in their place if they were absent.
[110] Raymond Leslie Williams and Kevin G. Guerrieri, *Culture and Customs of Colombia*, (Westport, Connecticut: Greenwood Press, 1999), 40-41.
[111] Ibid.
[112] Thoumi, 2003, 210-211.

following among the masses, who continued to see him as a symbol of working class achievement.[113]

In Colombia's highly stratified society, ascending from the working class to the upper echelons of society is extremely difficult without resorting to involvement in criminal activity. As a result, the notion that making money—by whatever means—is an exemplary virtue, rather than a crime, is sadly widespread and has had a visible influence on all levels of Colombian society. It is not limited to the drug trade, but seems to be a prevailing trend in the social and political realms as well.

The Colombian vocabulary is peppered with expressions that make reference to family, political, and social connections that can be manipulated in order to advance personal power and influence. For example, because pressure to succeed at any cost is felt at all levels of society, Colombians often feel they need the help of an insider, referred to as *la palanca* in order to attain power and prestige. A *palanca* is a person "on the inside" that possesses the leverage necessary in order to help a person attain power and prestige. The majority of important government and other jobs attained in Colombia are the result of either political pay back or the influence of a *palanca*.[114]

Colombians often speak disparagingly of lagartos, or "lizards"—what we in English might refer to as "social climbers"—persons who use every chance possible to gain personal power by attaching themselves to others of higher social rank. [115] The concept is so widespread that there is actually a verb form of the word: *lagartear*. [116] In addition the word *lobo* (wolf), is used to describe *lagartos* who are newcomers to wealth

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[113] Williams and Guerrieri, 41.
[114] Ibid., 39.
[115] Ibid.
[116] Ibid.

and power but are too vulgar to be able to "pass themselves off" as members of the elite class.[117] The very existence of these expressions, combined with their widespread use, demonstrates the deeply engrained social divisions in society as well as the deep resentment felt by those who are unable change their social status.

In a country where longstanding failures to effect land reform and continuous scandal over widespread governmental and judicial injustices are commonplace, reform seems impossible to many. And with corruption so amply evident throughout society, it is a bit easier to understand why involvement in illegal activities does not carry the same social censure it may receive elsewhere in the world. This attitude has played a significant role in Colombia's drug economy since the beginning of the modern DTO's in the 1960s. Traffickers in Santa Marta and the Guajira who achieved success through selling marijuana were perceived by many in the public as "colourful characters."[118] Their rapid rise to riches had considerable appeal in a country where many hold a deeply engrained belief that it is impossible to move up in society without resorting to criminal enterprise. Thus, while the drug traffickers' methods of achieving success were a bit "unorthodox," they were nevertheless viewed as a means of "beating the system" and challenging the traditional elites, making it almost admirable in the eyes of some Colombians.[119]

Involvement in the drug industry has introduced rural peasants to modern conveniences like consumer electronics and enabled coca growers to earn more than four

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[117] Ibid., 40.
[118] Jorge Orlando Melo, "The Drug Trade, Politics and the Economy: The Colombian Experience" in *Latin America and the Multinational Drug Trade*, ed. Elizabeth Joyce and Carlos Malamud (Houndmills, Hampshire: Macmillan Press, 1998), 68.
[119] Ibid.

times what they would growing traditional crops.[120] In a society where the accumulation of wealth is praised as a virtue in and of itself, the drug industry often appears as good a way as any to pursue financial success. Thus, while those involved in the drug trade are justifiably vilified for their parasitic and exploitative business practices, an examination of the practical rewards for those participating in the industry demonstrates that the production and trafficking of drugs offers tangible benefits many find difficult to refuse.

Trafficking in cocaine began in the 1950s, when Colombians began shipping small amounts of cocaine to organized criminal groups in Cuba. Colombian drug traffickers later expanded their service to the United States following the Cuban revolution, when many of these illicit operations were relocated to Miami.[121] In the 1980s, the cocaine cartels managed to keep the majority of transactions in Colombian hands by using small aircraft to transport product, which maximized profits.

In the 1960s, marijuana was the most lucrative staple in Colombia's drug trafficking structure. Initially, U.S. importers relied on Mexican DTOs to supply market demands. However, reports that the Mexican government was spraying fields of marijuana with the herbicide paraquat caused American consumers to panic out of fear that paraquat-sprayed marijuana could be entering their supply.[122] Americans then turned from Mexican to Colombian DTOs as a safer and higher quality source for the drug. In Colombia, legend has it that it was actually young American Peace Corps volunteers who

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[120] Ibid.
[121] Christian M. Allen, *An Industrial Geography of Cocaine* (New York: Routledge, 2005), 57.
[122] Thoumi, 2004, 70-71. American consumers were aware smoking paraquat-sprayed marijuana can cause serious health problems and feared the Mexicans were mixing paraquat-tainted drugs in with their supply in an effort to cut their losses from the spraying.

first encountered the superior quality "Colombian Gold" and brought it back to the United States with them as a souvenir of their travels.[123]

Colombians had another economic incentive for growing marijuana. At the same time trade in marijuana was on the rise, farmers along Colombia's Atlantic coast who had traditionally grown cotton were suffering from a decline in demand for their product.[124] As a result, many turned to growing marijuana. Colombians took full advantage the opportunity to penetrate the lucrative U.S. market and by 1974, it is estimated that as many as eighty percent of the farmers in the Guajira were growing marijuana.[125] Within a few years, Colombian marijuana dominated the U.S. supply. It was only a short step from there to trafficking cocaine—a far more profitable enterprise because of the high street price it commands relative to its weight.

In the late 1970s, several factors encouraged Colombian traffickers to reduce the role of marijuana in their drug portfolios. Firstly, global marijuana prices dropped in the 1970s, making the industry less profitable.[126] Secondly, the U.S. government had begun paying closer attention to Colombian President Julio Cesar Turbay's administration—connecting some of his close supporters to the drug trafficking industry.[127] Then, in an effort to revamp its tarnished reputation, the government made an effort to attack the drug business, manual eradicating marijuana plants and impounding the boats and planes used by drug smugglers.[128] Finally, at the same time, marijuana growers in the United States had discovered how to grow more powerful sinsemilla (grown from cuttings, rather than

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[123] Fernández-Andrade, 95.
[124] Richani, 94.
[125] Ibid.
[126] Ibid.
[127] Thoumi, 2004, 71.
[128] Ibid.

seeds) marijuana varieties,[129] making it more difficult for Colombian marijuana to compete in the U.S. market. In response to these changes, the drug cartels quickly reacted by stepping down production of marijuana and placing an increased emphasis on cocaine.[130]

The cultivation of opium poppies and trafficking of heroin arrived on Colombia's drug trafficking scene a bit later. Opium poppies were first grown in Colombia in 1986.[131] While Colombia's opium production makes up a relatively small proportion of the world heroin market, during the 1990s, Colombia was recognized as a major heroin trafficking country, and by the late 1990s, 65 percent of the heroin seized in the U.S. came from Colombia.[132] In a scenario similar to the earlier case of falling marijuana prices and the Colombian cartels' shift to cocaine production, the rise of heroin manufacture in Colombia was the direct result of the cartels' recognition of the declining profitability of cocaine in the late 1980s.[133]

In addition to the social acceptability of the drug trade and its antecedents in other criminal enterprises, another important practical consideration contributing to Colombia's involvement in drug trafficking are its unique physical geographic features. Colombia has both Pacific and Atlantic coastlines and is divided by the Andean mountains into three distinct regions: the East, West, and Caribbean Coast. The country's rugged terrain was a major hurdle to road construction into the 20th century,[134] and has made it easier for drug traffickers operations to escape detection. In addition, Colombia neighbours the world's

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[129] Ibid.
[130] Ibid., 71-72.
[131] Ibid., 74.
[132] United Nations Office for Drug Control and Crime Prevention, *World Drug Report 2000* (Oxford: Oxford University Press, 2000), 29.
[133] United Nations Office for Drug Control and Crime Prevention, *World Drug Report 1997* (Oxford: Oxford University Press, 1997), 135.
[134] Safford and Palacios, 15-16.

other leading coca-producing regions, Bolivia and Peru, but is also closer in proximity to the United States than either of these countries. Moreover, Colombia has a history of close economic ties to the United States and its status as a leading U.S. trade partner makes it easier for traffickers to hide illicit merchandise within legal exports.[135]

Furthermore, Colombia is also the only country in the world that produces the three primary plant-based psychoactive drugs (marijuana, cocaine and heroin) in significant amounts;[136] a dubious distinction that has certainly helped Colombian DTO's to offer consumers a variety of highly remunerative drugs. And, while cocaine has remained the most lucrative of the drugs grown in the country, Colombia's highly diversified DTOs have been heavily involved in the widespread cultivation and processing of all three drugs throughout the country's involvement in the PSAD industry.

As with any other business, innovation is key to the success of drug trafficking. More recently, the development and marketing of crack cocaine has demonstrated Colombian DTO's awareness of the growing need for market diversification.[137] Clearly, the ability of Colombia's DTOs to both predict and influence trends in global drug consumption has been an important key to their success. Not surprisingly, the organizational structure of Colombia's drug industry is far more advanced than that of the other Andean countries.[138]

Colombian DTOs make use of similar commercial and technological innovations used by legitimate businesses. They employ experienced lawyers, accountants and transportation specialists to do research into tariff laws, commercial flows and

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[135] Allen, 63.
[136] Thoumi, 2004, 70.
[137] Ibid.
[138] Thoumi, 2003, 80.

administrative procedures. They also retain chemists, intelligence gatherers and security personnel.[139]

Some cartels have had more success than others in introducing business strategies into their activities. In the early 1990s Pablo Escobar's violent Medellín cartel was in decline. Its rival, the Cali cartel, was the most successful drug cartel in Colombia, enjoying an 80 percent share of the cocaine market and earning about $7 billion each year.[140] The Cali cartel was an early adopter of business technology and made widespread "use of faxes, beepers, cell phones, pay phones, encryption and computer information systems" as part of its operations.[141] DEA agent Lou Weiss has called the Cali cartel the "McDonalds of cocaine trafficking" because the leaders of the organization "turned drug trafficking into a major corporate enterprise. The Cali cartel had a set formula and knew how to make it work."[142] The business savvy of these DTOs, particularly when added to their increased involvement in paramilitary and guerrilla groups, combine to make drug traffickers formidable opponents.

The trend towards globalization has dramatically affected the economic, political and social climate in which all businesses—including narcotrafficking organizations—operate. This is perhaps most evident in the increasing number of businesses (both licit and illicit) seeking "multinational strategies" that have allowed them to take advantage of market differences.[143] The past several decades have clearly demonstrated that trade agreements influence the tactics of Colombian drug traffickers.

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[139] Allen, 29.
[140] Chepesiuk, 255-256.
[141] Chepesiuk, 254.
[142] Ibid., 254-255.
[143] Allen, 21.

In 2001, the United Nations reported that the North American Free Trade Agreement (NAFTA) had caused a surge in drug trafficking through Mexico. As mentioned previously, Colombian groups traditionally favoured aerial transport of cocaine directly to the U.S. or through the Caribbean. However, since NAFTA, they have increasingly chosen to have their product shipped by land through Mexico to avoid growing controls in U.S. airspace and to take advantage of weak border controls. This has led to an expansion of Mexican DTOs—cocaine seizures in the country more than doubled between 1987 and 1998, rendering Mexico one of the world's primary traffickers in cocaine, following Colombia.[144]

Examples such as these demonstrate that, throughout its history, the Colombian drug trade has shown a unique ability to take advantage of existing channels of distribution while adapting to market changes and influencing trends. Together, these characteristics—particularly when combined with Colombia's weak state—have contributed to the enormous power and success of Colombian DTOs, making them difficult to target directly.

[144] United Nations Office for Drug Control and Crime Prevention, 2000, 44-45.

Chapter II.

The Drug Industry and Colombia's Economy

Colombia's avoidance of the debt accumulation faced by other Latin American countries throughout the 1980s piqued interest and caused many analysts to contemplate what role the country's rapidly growing drug industry had to play in helping the nation avoid economic disaster. While some pinpoint Colombia's conservative approach to borrowing on the international market as the key to averting economic crisis,[145] it is impossible to look at the Colombian economy in the 1980s without taking the drug industry into account. Estimates place income from the drug industry in the early 1980s at approximately 10 percent of the country's Gross National Product (GNP), and one can reasonably assume that this influx of money significantly influenced Colombia's economy.[146] In fact, the rise of the drug industry has historically paralleled some of Colombia's most significant economic growth. Furthermore, we shall see that the drug industry actually tends to compare favourably with other legitimate industries in terms of its positive affect on the economy of Colombia. The drug trade has also positively influenced the Colombian economy in a less direct way, as the longstanding "drug war" has helped secure trade agreements and international funding that have been extremely beneficial to Colombian industry. This and other evidence effectively demonstrates that while the drug trade is often blamed for the country's economic, political and social crises, its presence is more symptomatic of Colombia's weak and ineffective state, than it is a direct cause.

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[145] Thoumi, 1995, 247.
[146] Ibid., 2004, 77.

Following the break up of the major cartels in the 1990s, the amount of income estimated to have come from the illegal drug industry had dropped to 3-4 percent of the GNP,[147] although this perceived decline could have easily come from growth in other economic sectors. In spite of this apparent decrease, the United States Drug Enforcement Administration chief of operations Doug Wankel reported in 1995 that drug money still amounted to approximately $7 billion (a conservative estimate) of the Colombian economy.[148] And while the industry experienced a major decline during the 1990s, recent developments indicate drug income is once again on the rise. For example, in *Andes 2020*, an independent commission sponsored by the US Council on Foreign Relations reported that at least $5 billion USD had been laundered in Colombia in 2002.[149]

The relative proportion of drug money represented in Colombia's GNP can be difficult to pinpoint and its influence on the nation's economy is often debated. Traditionally, scholars have argued that the drug industry has been damaging to the Colombian economy.[150] In his article "Drug Trafficking and the National Economy," Mauricio Reina argues that while the drug trade has been a boon to those involved in trafficking, on aggregate it has had a profoundly negative effect on Colombia's economy. To support this view, Reina points to the over-valuing of the Colombian peso, which he

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[147] Thoumi, 2004, 77.

[148] "Drug Crackdown is Believed to Sap Colombia's Economy," *New York Times*, November 24, 1995, http://query.nytimes.com/gst/fullpage.html?res=990CE2D61339F937A15752C1A963958260 (accessed November 1, 2007).

[149] Christman, 35. Because the drug industry is illegal, arriving at accurate earnings estimates is difficult. However, the estimated $5 billion laundered in Colombia in 2002 was a record, and represents just a small portion of drug trafficker's profits.

[150] The notion that the drug trade has had an overall negative effect on Colombia's economy is shared by economist Mauricio Reina, "Drug Trafficking and the National Economy" in Bergquist et al., eds., 2001, 85. Political scientist Donald L. Herman expresses a view similar to Reina's in "Reassessment and Projection" in Donald L. Herman, ed., *Democracy in Latin America: Colombia and Venezuela* (New York: Praeger, 1988), 299-300, as does economist Francisco Thoumi, 2003, 191-192.

feels has made exporting Colombian goods difficult.[151] He also argues that most money from drug trafficking goes into "minimally productive activities" such as real estate investment, construction and the purchase of luxury goods.[152]

If this argument is accurate, Colombia's economy should be suffering significantly from the affects of the drug industry, but it appears that the exact opposite has in fact occurred. Between 1978 and 1995, as the drug industry blossomed, Colombia's economy grew at a rate of more than four percent annually.[153] Colombia was the only country in Latin America whose GNP did not decline for a single year in the 1980s,[154] and as the rest of Latin America faced a widespread economic downturn, per capita income in Colombia nearly doubled while unemployment stayed beneath 10 percent (except for a brief period between 1983 and 1985).[155] Poverty also fell by nearly 50 percent.[156]

Colombia's GNP has increased steadily since the rise of the drug cartels. In the early 1980s, Colombia's GNP stood at approximately 36 billion U.S. dollars. By 1994 it had grown to 68.6 billion and in 1997 had reached around 96.3 billion.[157] All of this growth has taken place in the midst of widespread involvement in the drug industry, making arguments about the negative economic impact of the drug industry difficult to maintain.

Moreover, while the rise of the drug industry has had a clear influence on rising crime rates, many other social indicators have actually improved. During the period

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[151] Reina, 85.
[152] Ibid.
[153] Giugale et al., 90.
[154] Thoumi, 2004, 77.
[155] Giugale et al., 90.
[156] Ibid.
[157] Thoumi, 2004, 77. Figures are in constant dollars.

between 1978 and 1999, school enrolment and access to public utilities have steadily increased, while rates of child labour, child malnutrition and illiteracy have all been measurably reduced.[158] Thus, while the negative social and political influences of the industry are undeniable, the drug industry did not prevent either social or economic improvements and may have actually helped the country's economy. Furthermore, as was discussed in the previous chapter, wealthy Colombians have traditionally invested their money in minimally productive real estate as a means of avoiding taxes and gaining social prestige, meaning that the areas in which drug traffickers invest their money—including real estate and luxury goods—do not present a significant departure from the investment strategies of other groups of elite Colombians. Thus, while there has been a relationship between the peaks and troughs of Colombia's real estate prices and the drug trade, the basic instability of the market is due to longstanding inequalities, rather than solely to the irresponsible business practices of DTOs.

International Trade and the Drug Industry

In addition to its close relationship to Colombia's real estate market, the drug boom has also paralleled a period of sustained growth in international trade. A number of major economic indicators also point to Colombia's increasing involvement in the world market. Colombia's exports grew from $3.001 billion in 1983 to $10.89 billion in 1998, while imports increased from $4.963 to $15.84 billion during the same period.[159] This means that, despite the concerns voiced of Mauricio Reina and others, overvaluation of the Colombian peso has not led to the destruction of the nation's industry, but has rather

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[158] Giugale et al., 92.
[159] Richani, 139. All figures are in constant dollars unless otherwise stated.

been associated with a steady rise in exports. This means that, instead of demonstrably damaging the nation's business environment, the growth of the drug industry has actually been accompanied by significant growth in Colombia's international trade.

Expanding legal international commerce is tied to traffic in psychoactive drugs for a couple of key reasons. Firstly, at its most basic, the drug industry is essentially a tremendously lucrative multinational commodity trade enterprise that utilizes many of the same operational channels as legal business. When viewed from this perspective, it makes sense that thriving international trade would influence the success of the drug trade. DTOs have profited from the United States' free trade agreements with Colombia and other nearby countries, including Mexico, for the same reasons that legal businesses benefit from trade agreements: because these arrangements lower restrictions and cause shipments to flow more easily between countries. This becomes particularly evident when one examines the growth in drug traffic along the U.S.-Mexico border since the North American Free Trade Agreement (NAFTA).[160] The second major reason that the rise of the Colombian DTOs has been accompanied by record trade numbers is that the drug industry does not exist in a vacuum. Legal and illegal business channels often intersect, as can be seen in the money laundering strategies used by drug trafficking organizations. These schemes, including the infamous Black Market Peso Exchange, often operate in concert with the country's legitimate international trade.

To understand the correlation between Colombia's growing drug trade and its increased participation on the international market, it must first be recognized that the drug trade is one of Colombia's biggest international businesses. Leaders in the industry

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[160] José María Ramos, *Las Políticas Antidrogas y Comercial de Estados Unidos en la Frontera con México* (Tijuana: El Colegio de la Frontera Norte, 1995), 39.

are constantly looking for ways to increase their products' availability on the international market and are also mindful of cost-cutting and profit maximizing strategies. Drug traffickers thus realize the importance of capitalizing on trade deals in order to maximize profits and hide shipments within licit goods. The expansion of Colombian and Mexican DTOs following the implementation of NAFTA demonstrate this quite clearly.

Stories of cross-border drug smuggling have plagued NAFTA since its inception. NAFTA has made transporting drugs so easy that DEA officials have called it a "godsend"[161] to drug traffickers. In 1993, shortly after plans for NAFTA were announced, the *New York Times* reported that, in anticipation of the bonanza in cross-border trade, traffickers working with the Colombian cartels had already begun establishing "factories, warehouses and trucking companies in Mexico" as legitimate fronts for their drug business.[162] Closer trading ties between the U.S. and Mexico would make it easier to transport goods—both legal and illegal—across the southern border of the United States, and the DTOs were investing heavily in the likelihood that commercial trade activity would help provide a perfect cover for their shipments.

The drug industry's investments in Mexico had substantial returns. Before NAFTA just one fifth of the cocaine heading for the U.S. market had come through the country's southern border.[163] By 1998, two-thirds of the cocaine in the U.S. had been smuggled through Mexico.[164] NAFTA has caused a sharp increase in the volume of trade

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[161] Allen, 85.
[162] Tim Weiner with Tim Golden, "Free-Trade May Widen Traffic in Drugs, US Says," *New York Times*, May 24, 1993, http://query.nytimes.com/gst/fullpage.html?res=980CE3DB143CF937A15756C0A965958260&sec=&spon=&partner=permalink&exprod=permalink (accessed April 22, 2008).
[163] Allen, 75.
[164] Ibid., 76.

between both countries, and this dramatically expanded the smuggling opportunities open to Mexican DTOs and Colombian DTOs operating in Mexico.

Since NAFTA, the governments of both Mexico and the United States have allocated substantial resources to targeting the problem of drug smugglers. But while customs agents have done their best to screen shipments carefully, it is impossible to do this without slowing down the shipments of legal goods. NAFTA has become important to the economies Canada, the United States and Mexico, and a slow down in trade would hurt the interests of both countries. From this perspective, "it is quite clear that political considerations…will ensure that trafficking issues will be checkmated by trade priorities."[165] The American experience with Mexico thus demonstrates that political and economic considerations effectively guarantee that trade agreements will benefit both legal and illegal enterprise.

The Colombian drug cartels profited from the success of NAFTA. But have they profited from Colombia's own trade agreements with the United States? Since the beginning of the war on drugs, Colombia has negotiated a number of free trade agreements with the U.S. that have resulted in all but eliminating duties on Colombian goods sold in the United States. These treaties have been at least partially based on the notion that free trade would help reward Colombia in exchange for its efforts to halt drug trafficking. And it seems to have worked: the United States is currently the country's largest trading partner, making up 35 percent of Colombia's exports and 25 percent of her

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[165] James F. Holden-Rhodes, *Sharing the Secrets: Open Source Intelligence and the War on Drugs* (Westport, Connecticut: Praeger, 1997), 166.

imports as of September 2007.[166] It is unlikely that Colombia would be able to sustain this strong trading relationship with the U.S. apart from the many free trade agreements that have been negotiated in order to help Colombia with its drug problem.

Trade between the two countries has more than tripled over the past ten years, increasing from $5 billion each year at the beginning of the 1990s to $18 billion in bilateral trade in 2007, thanks largely to the Andean Trade Preference Act (ATPA).[167] The ATPA, which provided duty-free access to U.S. markets for approximately 4,900 products from Colombia, Bolivia, Ecuador and Peru, was negotiated in 1991 to promote Andean Trade and to fight the drug industry. [168] The belief behind the agreement was that legitimate trade would help discourage the people in these Andean nations from producing and trafficking illegal psychoactive drugs.[169]

In 2002, the programme was renewed under the Bush administration[170] and expanded to cover an additional 700 products. It was also renamed Andean Trade Promotion and Drug Eradication Act, or ATPDEA.[171] The Colombian Ministry of Foreign Trade reported that between 1992 and 1997, the ATPA resulted in the creation of 140,000 new jobs and $1.2 billion in economic output.[172] Today Colombia is the 26th largest market for U.S. goods. In 2007, the U.S. exported $8.6 billion in goods, up nearly

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[166] US Department of Commerce, "Secretary Gutierrez to Lead Fourth Congressional Delegation to Colombia," http://www.commerce.gov/NewsRoom/PressReleases_FactSheets/PROD01_005275 (accessed April 4, 2008).
[167] Ibid.
[168] United States Trade Representative "New Andean Trade Benefits," September 25, 2002, http://www.ustr.gov/Document_Library/Fact_Sheets/2002/New_Andean_Trade_Benefts.html (accessed April 7, 2008).
[169] Ibid.
[170] President George W. Bush, "Andean Trade Promotion and Drug Eradication Act," Office of the Press Secretary, White House, October 31, 2002. http://www.whitehouse.gov/news/releases/2002/10/20021031-9.html (accessed April 7, 2008).
[171] United States Trade Representative, 2002.
[172] Ibid.

$2 billion over the previous year.[173] Colombian imports increased marginally over the same period, from $9.3 billion in 2006 to $9.4 billion in 2007.[174]

While these trade agreements have strengthened Colombia's trade relationship with the United States and have helped give a boost to Colombia's economy, they have not succeeded in diminishing drug production. They may have even encouraged it, as Colombia's expanding drug industry indicates. Nevertheless, many in the U.S. and Colombian governments consider the programmes quite successful, given the billions of dollars in trade revenues that they have generated. In 2007 and again in 2008, the Bush Administration and Government of Colombia have put pressure on the United States Congress to pass a new version of the ATPDEA intended for use between the United States and Colombia. The new free trade agreement, referred to as the U.S.- Colombia Trade Promotion Act, would make most of the provisions from the ATPDEA permanent, but would also immediately remove tariffs on 80 percent of U.S. goods entering Colombia.[175] The agreement has undergone extensive debate in the Senate, as U.S. Democrats are uncomfortable passing the bill, given Colombia's human rights record and their treatment of Union leaders.[176]

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[173] US Department of Commerce, "Secretary Gutierrez to Lead Fourth Congressional Delegation to Colombia" http://www.commerce.gov/NewsRoom/PressReleases_FactSheets/PROD01_005275 (accessed April 4, 2008). The U.S. exported $6.7 billion in goods to Colombia in 2006 and $8.6 billion in 2007.

[174] Ibid. Figures are in constant dollars.

[175] Office of the Press Secretary, The White House, "Fact Sheet: US-Colombia Trade Agreement Essential to Our National Security," http://www.whitehouse.gov/news/releases/2008/03/20080312-3.html (accessed April 18, 2008).

[176] Steven R. Weisman, "Partisan Tangle over Trade Pact with Colombia," *New York Times,* April 10, 2008, http://query.nytimes.com/gst/fullpage.html?res=9C06E5D7173AF933A25757C0A96E9C8B63&sec=&spon=&partner=permalink&exprod=permalink (accessed May 4, 2008).

Money laundering is a major business in Colombia that often makes use of international trade as a means of making earnings from illegal enterprise appear legitimate. Money laundering is defined by the U.S. General Accounting Office as

> The process through which the existence, illegal source and unlawful application of illegal gains is concealed or disguised to make the gains appear legitimate, therefore helping to evade detection, prosecution, seizure and taxation.[177]

Money laundering presents a significant logistical challenge to drug traffickers, because in the case of cocaine, a kilo of the drug actually weighs less than the cash customers pay for it with.[178] Since a trafficker can earn as much as $500 million in a sale (at current street prices, this would be equivalent to approximately 5,000 kilos of cocaine), that can mean figuring out a way to transport as much as 56,700 kilos of foreign currency.[179]

Once traffickers manage to get this money into the country, they face the problem of exchanging the dollars (and other currencies) that they earn into Colombian pesos. This was a particularly difficult problem in the 1980s, when very few Colombians were even legally permitted to have dollar accounts, and those who were allowed them for trade reasons were carefully watched.[180] In order to exchange their dollars for Colombian currency, traffickers have turned to the highly successful (and complex) Black Market Peso Exchange (BMPE), in which traffickers contact brokers to help them move their money through the nation's banking system. The brokers then contact legitimate businesses who need to import goods from the United States through legal channels, and offer to sell them the traffickers' dollars in exchange for the legitimate businessmen's

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[177] Chepesiuk, 93.
[178] Ibid., 96.
[179] Ibid.
[180] Ibid., 97.

pesos.[181] The vast amounts of money channelled through the BMPE, coupled with the considerable expertise and innovative strategies of the accountants and businesspeople involved, has made Colombia's Black Market Peso Exchange one of the most successful criminal operations in the world, earning an estimated $5 billion annually in the 1990s[182] and closely linking the profits of legal and illegal business.

Drug Money and the Construction Industry

The construction industry is one of the main areas in which the leading DTOs have historically invested and laundered their illicit earnings. During the early years of the drug trade, illegal profits helped create a boom in real estate prices in several regions[183] as the members of cartels attempted to spend their earnings on land and property. Since the cocaine boom, the drug cartels have purchased land in hopes of cleaning their money while simultaneously earning greater social standing—a process referred to by Greta Friedmann-Sánchez as "social laundering."[184]

Historically, the country's real estate booms have occurred in tandem with the triumphs of illegal industry. Baranquilla experienced soaring real estate prices in the 1970s just as marijuana exports increased. Similar patterns could be observed in Medellín in the 1980s.[185] By the mid-1990s, drug traffickers were the largest group of land owners in the country, owning over "seven million acres of farmland," in addition to significant urban landholdings, allowing them power over whole regions of the Colombian

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[181] Ibid.
[182] Ibid.
[183] Thoumi, 2004, 77.
[184] Greta Friedemann-Sánchez, *Assembling Flowers and Cultivating Homes: Labor and Gender in Colombia* (Lanham, Maryland: Lexington Books, 2006), 15, 34.
[185] Reina, 80-81.

countryside.[186] The result has been higher land values. Over the past decade, the influx of money from the drug trade has caused housing and land prices to rise in the rural areas.[187] The process continues today, though the destruction of some of the larger cartels has forced drug traffickers to be less ostentatious in their investments.[188]

As the complex workings of the Black Market Peso Exchange indicate, the process of laundering drug money is rarely straightforward. This is also true in the case of real estate. For example, today it is quite ordinary in Colombia for real estate to be sold below its real market value, so that property buyers can give sellers their illicit funds under the table.[189] These practices have led to laws in Colombia that actually prohibit selling real estate sales below fair market prices, but these regulations have not been particularly effective, since the assessed value of the property has gradually been artificially depressed.[190] In addition, buyers and sellers who are involved in money laundering are afraid of getting caught and are careful not to sell their property to legitimate buyers.[191] As a result, real estate schemes have become increasingly elaborate over time, as drug traffickers recycle their investments into new building projects.[192]

Just as the drug booms of the 1970s, 1980s and early 1990s accompanied widespread economic growth, the major crackdown on drug trafficking that occurred in

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[186] "Drug Crackdown is Believed to Sap Colombia's Economy," *New York Times*, November 24, 1995, http://query.nytimes.com/gst/fullpage.html?res=990CE2D61339F937A15752C1A963958260 (accessed November 1, 2007).
[187] Ibid.
[188] Before his death, Pablo Escobar's 7,000 acre estate, Hacienda Napoles, contained 24 artificial lakes, a 100-guest country house and one of Colombia's most popular zoos, which housed a variety of exotic beasts, including elephants, giraffes and hippos. Proudly on display at the estate's entrance was the aircraft that had brought his first shipment of cocaine to the United States. Traffickers continue to invest in real estate, but most of the elaborate excesses of the 1980s and early 1990s have disappeared. See Chepesiuk, 124.
[189] Thoumi, 2003, 185.
[190] Ibid.
[191] Ibid., 186.
[192] Ibid.

the mid-1990s caused problems within the economy. Drug lords who were arrested panicked and began selling off their investments for cash, causing major instability in the real estate market. The construction industry in Cali—where at least twenty percent of land investment is believed to originate with drug traffickers—immediately headed for recession.[193] This economic downturn was essentially the result of the arrests that cast doubt on the stability of Colombia's real estate market. Thus, while these statistics may justifiably call into question the relative stability of various sectors within the nation's economy, they run counter to arguments that the drug industry itself has caused negative growth.

While an artificially inflated real estate market can cause problems for those unable to afford higher prices, the challenge it presents is not new. Purchasing land has been beyond the reach of many Colombian's throughout the country's history and the failure of land reform demonstrates the persistence of this problem. Furthermore, given the fact that wealthy Colombians have historically bought up large tracts of land as a means of avoiding taxation, it is difficult to argue that the drug traffickers' decision to invest in land represents a unique threat to Colombia's economy.

Thus, when examined more closely, it appears that the illegal drug industry has done more for Colombia's overall economy than many would care to admit. Somewhat shockingly, the nation's economic development since the end of World War II has actually been more stable and continuous than that of the United States.[194] This fact is

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[193] "Drug Crackdown is Believed to Sap Colombia's Economy," *New York Times*, November 24, 1995, http://query.nytimes.com/gst/fullpage.html?res=990CE2D61339F937A15752C1A963958260 (accessed November 1, 2007). Other cities in Colombia also experienced a similar drop in construction and real estate values during this period. Cali was the most seriously affected because the government was directly targeting the Cali cartel at this time.

[194] Thoumi, 1995, 2.

made all the more surprising when one considers that Colombia has been engaged in near-constant civil war for the last sixty years. Moreover, as mentioned previously, during this same period Colombia has consistently experienced improved income growth, accompanied by increases in life expectancy, health, and education.[195]

Interestingly, in his critique of the drug industry's undeniably flawed wealth distribution system, Mauricio Reina fails to compare the psychoactive drug industry to other leading Colombian enterprises. It is important to ask why so many Colombians still choose to become involved in the drug industry, when they could (ostensibly) support themselves by other (legitimate) means. In order to answer this question, one must examine how the cultivation, production and distribution of drugs benefits those involved, the risks that the business entails and then compare this involvement to what people might earn in comparable, legal enterprises.

Cocaine is by far the most lucrative and developed of the products exported by Colombian DTOs and can be used to illustrate the overall appeal of involvement in the drug trade at even the lowest levels of profitability. First, coca cultivation provides farmers with profits that far exceed what might be earned by growing traditional crops such as yuca and plantain. It is also easy to grow and has a much more stable value than legal crops.[196] Nevertheless, coca leaves themselves are extremely low-cost when compared to the final product, accounting for less than 1 percent of cocaine's final price. Even the costs of extracting cocaine base (cocaine hydrochloride) are quite low when compared to the products' retail value, which results in fabulous profits for those involved in production and distribution.

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[195] *Ibid.*, 1.
[196] Vellinga, 4.

In order to transform coca leaves into cocaine hydrochloride (HCL), they must be processed in plastic-lined pits where they are exposed to a variety of chemicals, including kerosene and sulphuric acid, and then stomped by *pisacocas* (peasant workers) in order to break down the alkaloids in the leaves.[197] While this process is hazardous and labour-intensive, the cost of paying the *pisacocas* is minimal, as is procuring the necessary chemicals, most of which are inexpensive and perfectly licit (kerosene and acetone are major components). One estimate places the costs of producing cocaine HCL at around $540 per kilogram—a mere fraction of its $90-100,000 U.S. street price.[198]

Together, these factors combine to make the production and trafficking of cocaine a tremendously lucrative business for those involved in the upper echelons of the industry. At the same time, while the bulk of the profits make their way into the hands of middlemen and kingpins, it is important to keep in mind that for a typical Colombian coca grower, the profits earned by cultivating coca are far greater than those of any other commercial crop they might grow. Even the *pisacocas*, who are engaged in what is arguably the most hazardous aspect of production, generally earn at least double the minimum wage for the efforts.[199] Thus, while a small minority may collect the largest share of the money, the people involved in the lower levels of the industry still stand to make a considerable profit—a significant fact when one compares coca production to other legitimate ventures in Colombia.

In order to best understand why so many Colombians turn to involvement in the drug trade, it is important to further examine how the drug business compares to other

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[197] Allen, 40.
[198] Ibid., 31.
[199] Michael Smith, *Why People Grow Drugs: Narcotics and Development in the Third World* (London: Panos Publications Ltd, 1992), 101.

legitimate industries in terms of risk and reward. The cut-flower industry, for example, barely provides for flower cultivators beyond minimum wage.[200] The work is often accompanied by a wide variety of health risks from daily exposure to dangerous chemicals,[201] not unlike coca growers who risk having their fields sprayed through the aerial eradication programmes, or the *pisacocas*, who deliberately expose themselves to hazardous compounds. Considering the significant dangers Colombians put themselves in to pursue low-paying legitimate ventures, it is not entirely surprising that so many turn to illegal enterprises.

Admittedly, the overwhelming majority of money invested in Colombia's economy by drug traffickers goes into construction and purchasing land, although less direct forms of investment, such as bribes, also affect the economy—in addition to influencing the nation's political and social environment. In this respect, DTOs help to perpetuate the climate of corruption that helped them flourish in the first place. Nevertheless, it is only fair to note that many wealthy Colombians involved in (presumably) legitimate ventures, have traditionally exhibited a virtually identical preference for hoarding land and other assets.

While critics contend that the drug cartels have prevented Colombia from moving forward in terms of social development, the story of the country's failed attempts to realize land reform demonstrates that powerful Colombians engaged in legal enterprise have also sought to block reforms. The Colombian government has frequently avoided

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[200]David Tenenbaum, "Would a Rose Not Smell As Sweet?: Problems Stem from the Cut Flower Industry," in *Environmental Health Perspectives* Volume 110, Number 5 (May 2002): A242, http://links.jstor.org/sici?sici=0091-6765%28200205%29110%3A5%3CA240%3AWARNSA%3E2.0.CO%3B2-X (accessed April 12, 2008). Cut-flowers are one of Colombia's leading (legal) exports and the country is the second largest exporter of cut-flowers in the world, after the Netherlands. See Friedemann-Sánchez, 43-50.

[201] Tenenbaum.

reforming institutions or creating social programmes, on the grounds that doing so would be "giving in" to the pressures of the insurgents.[202] Finally, while one may argue that the drug industry is not taxed, neither are the majority of Colombian wage earners.[203]

Furthermore, while very little money from the drug trade makes its way into positive social programmes, from its current economy of $250 billion in 2005, the Colombian government allocated approximately 10 percent of its revenues to social spending.[204] The World Bank places that number at closer to between .07 and 1 percent of the GDP.[205] In comparison, the Organization for Economic Control and Development (OECD) reported in 2003 that Canada and the United States (which both collect far more tax dollars than Colombia) allocated 17.3 percent and 16.8 percent, respectively to social spending.[206] The government's longstanding failure to address the deep poverty and inequalities in Colombia make it extremely difficult to argue the drug industry is largely to blame for these issues.

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[202] Christman, 32.
[203] Ibid., 35.
[204] George Avelino, David S. Brown and Wendy Hunter, "The Effects of Capital Mobility, Trade Openness, and Democracy on Social Spending in Latin America, 1980-1999" in *American Journal of Political Science* Volume 49, No. 3. (Jul., 2005): 634, http://links.jstor.org/sici?sici=0092-5853%28200507%2949%3A3%3C625%3ATEOCMT%3E2.0.CO%3B2-O (accessed April 10, 2008).
[205] Giugale et al., 108.
[206] Organization for Economic Control and Development (OECD), http://stats.oecd.org/wbos/default.aspx?datasetcode=SOCX_AGG (accessed April 7, 2008).

Chapter III.

U.S. Policy and the "War on Drugs"

The United States has a long history of involvement and investment in Colombia. During and after World War I the U.S. was Colombia's main market for exports of gold, petroleum, bananas and coffee. It was also the source for 72.4 percent of Colombia's imports.[207] During the 1920s, Colombia ranked fourth out of all South American countries in exports to the U.S. and third in imports.[208] Moreover, a number of American corporations have had a strong presence in the country throughout its history, including Standard Oil and Magdalena Fruit Company, a subsidiary of United Fruit, which became the largest agricultural employer in Colombia in 1930.[209] Economic cooperation increased again during World War II, as coffee exports grew and the United States provided Colombia with loans to build highways and power plants.[210] After the drug cartels rise to power in the 1980s, a new relationship, based on the elimination of drug traffic and armed insurgents groups was forged between Colombia and the United States. This economic cooperation continues today but is assisted through economic packages aimed at targeting Colombia's ongoing drug problem.

U.S. authorities often express their dismay at the continuous high demand for psychoactive drugs, as well as the remarkable profitability of selling them. Barry McCaffery, the former director of the U.S. Office of National Drug Control Policy, had

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[207] Randall, 1992, 111.
[208] Ibid.
[209] Ibid., 112.
[210] Ibid., 176.

this to say regarding the disproportionate retail value of cocaine in comparison to that of coca leaf:

> Drug syndicates wield a powerful instrument for subverting even relatively strong societies: a money machine. Like modern-day Midases, they transform an intrinsically cheap and available commodity into an almost inconceivably remunerative product…They (drugs) are relatively cheap to produce and offer enormous profit margins that allow the drug trade to generate criminal revenues on a scale without historic precedent.[211]

McCaffery closes the article by reiterating his belief that, despite numerous setbacks in the war on drugs, the United States is "on the right path."[212] He then goes on to blame previous failures on the absence of a "tangible political will" to fight drugs and envisions a "global response" (in the form of financial backing for programmes to destroy drug crops and target the assets of DTOs) as the antidote to the deleterious effects of the drug trade.[213]

Throughout his discussion of the drug trade, McCaffery carefully omits the cost-increasing element of *criminalizing* psychoactive drugs in his description of the "money machine," since it would undermine his message as director of the U.S. Office of National Drug Control Policy (ONDCP). The "enormous profit margins" McCaffery mentions are far more closely tied to the difficulty of supplying the large demand for cocaine, than to the drug lords' "Midas touch." Yet, for reasons related to national drug policy and public relations, the results of this simple supply/demand equation have historically gone largely unmentioned by U.S. drug czars.

McCaffery's fierce commitment to the prohibition model of drug control highlights the limited number of options the U.S. government has when combating the

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[211] Barry McCaffery, "Needed: Tangible Political Will," http://www.un.org/Pubs/chronicle/1998/issue2/0298p10p.html (accessed December 1, 2007).
[212] Ibid.
[213] Ibid.

drug industry from a policy perspective. However, if prohibition has historically caused drug prices to rise, what other options does the U.S. have? Without taking into account philosophical objections to legalizing drugs, the U.S. government has four possible alternatives to choose from when approaching the drug industry:

1. Make production and consumption illegal (current stance)
2. Legalize both production and consumption
3. Make production legal and consumption illegal
4. Make production illegal and consumption legal[214]

Despite the fact that making the production and consumption of drugs illegal has led to a multibillion dollar industry in illicit substances, the political climate in the United States has historically prohibited legalizing both production and consumption. Likewise, both the third and fourth scenarios seem hypocritical and unlikely to succeed in reducing either the profits of traffickers or the rate of drug consumption. In the final scenario, in which consumption is legal but production illegal, the burden of halting the drug trade is placed firmly on the shoulders of producing countries, such as Colombia. The first scenario has clearly failed, so where does that leave U.S. drug policy? Apparently, if we are to believe Barry McCaffery and others within the U.S. government, the solution is to continue pursuing the same failed policies, except to spend a lot more money enforcing them.

The Origins of Drug Prohibition in the United States

The U.S. has not always followed a strictly prohibitionist model of drug control. In fact, "controlling" the drug market was not considered an important government responsibility until the late nineteenth century. Throughout the nineteenth century, many psychoactive drugs were widely available. "Self-medication" was rampant and cocaine

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[214] José Luis Reyna, "Narcotics as a Destablizing Force," in *The Latin American Narcotics Trade and U.S. National Security*, Edited by Donald J. Mabry (New York: Greenwood Press, 1989), 134-135.

and opiate laden "remedies" were easily purchased by mail order and even over the counter in drug stores.[215] Coca-Cola's formula contained cocaine until 1903.[216] However, as the century progressed a growing group of anti-drug activists began to associate drug use with foreigners, ethnic minorities and criminal behaviour.[217] Drug abuse was portrayed as a threat to "American values" and newspapers began publishing sensationalized reports of drug related violence among minority groups; focusing in particular on Chinese-Americans on the West Coast and blacks in the south.[218]

This perceived link between minorities, drugs and crime created widespread interest in controlling cocaine and opiates. Anti-opium legislation was passed in eleven western states between 1877 and 1900 in response to stories of opium use in Chinese-American communities.[219] In 1909, the State Department created The Shanghai Commission for the purpose of studying the opium problem. The commission was led by Charles H. Brent, Episcopal Bishop of the Philippines (already a leading anti-opium activist), former missionary Charles Tenney and Dr. Hamilton Wright, a specialist in Asian tropical diseases.[220] Together, these men gave the commission an air of moral and scientific authority.[221]

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[215] Douglas Clark Kinder, "Nativism, Cultural Conflict, Drug Control: United States and Latin American Antinarcotics Diplomacy through 1965," in *The Latin American Narcotics Trade and U.S. National Security*, ed. Donald J. Mabry (New York: Greenwood Press, 1989), 13.
[216] Ibid., 14 and Thoumi, 2004, 126n. Coca-Cola continues to use decocainized coca leaves to flavor its product and remains the world's largest legal importer of coca.
[217] Kinder, 14.
[218] Ibid., 14-15.
[219] Ibid., 15.
[220] Marcus Aurin, "Chasing the Dragon: The Cultural Metamorphosis of Opium in the United States, 1825-1935," in *Medical Anthropology Quarterly*, New Series, Vol. 14, No. 3. (Sep., 2000), 431, http://links.jstor.org/sici?sici=0745-5194%28200009%292%3A14%3A3%3C414%3ACTDTCM%3E2.0.CO%3B2-H (accessed April 15, 2008).
[221] Ibid.

Dr. Wright's work for the commission had a strong nativist element that played upon the xenophobia of lawmakers. Using his background in the sciences to give his testimony more weight, Dr. Wright consistently drew connections between immigrants, drug use and the degradation of the moral fabric of American society. In his report to the committee he specifically stated the United States had "become contaminated through the presence of a large Chinese population."[222] His work continuously plays to fears of Chinese immigrants mingling with white Americans as a means of stirring up anti-opium sentiments. In a statement before members of congress, Wright claimed that

> …one of the most unfortunate phases of the habit of smoking opium in this country [is] the large number of [white] women who have become involved and [are] living as common-law wives or cohabiting with Chinese in the Chinatowns of our various cities.[223]

During the same presentation, Wright expressed the opinion that African-American males regularly raped women while under the influence of cocaine as further evidence for the need to regulate the drug industry.[224]

Wright's preoccupation with connections between racial minorities and drug crime was not isolated and exemplifies the relationship between early drug prohibition and the growing tide of racism and nativism sweeping the country at the time. During the same period in southern states, cocaine was brought under stricter controls after newspapers reported that poor blacks were abusing drinks laced with cocaine that supposedly made them "stronger" and "difficult to kill."[225] In response, police

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[222] Dr. Hamilton Wright, as quoted in Aurin, 431.
[223] Ibid.
[224] Kinder, 18.
[225] Ibid., 14-15.

departments throughout much of the south shifted from .32 calibre to .38 calibre revolvers in order to subdue African American men under the influence of cocaine.[226]

Similarly, in the southwest, marijuana was seen as the threat because of a supposed link with Hispanic violence. This occurred after journalists argued in 1915 that the drug caused Hispanics to "lust for blood" and made them "insensible to pain."[227] The practical result of this media hype was that restrictions on cannabis were adopted by eighteen states in the west during this period.[228]

The distribution and marketing of cocaine and opiates was made illegal throughout the United States with the adoption of the Harrison Narcotics Act in 1914 (although marijuana was not included in the prohibition until 1937).[229] In the years that followed, drug legislation gradually became more rigid, though it was not until the 1970s that the Federal Government began developing elaborate anti-psychoactive drug campaigns. What was significant in this early period was the strong connection that had been forged in the minds of the American people between immigrants, ethnic minorities, drugs, crime and the erosion of "American values."

Large government spending programmes that focussed on preventing the psychoactive drug trade arrived on the scene with the administration of President Richard Nixon. Faced with a growing incidence of heroin addiction in America, Nixon embarked on a much more aggressive campaign against drug trafficking, placing pressure on the government of Turkey to halt imports of the drug. The "War on Drugs" escalated during Ronald Reagan's presidency. Between 1980 and 1987 the amount of money spent by the

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[226] Ibid., 15.
[227] Ibid., 15-16.
[228] Ibid., 16.
[229] Ibid., 19.

U.S. on overseas anti-drug efforts increased from $40 million a year to more than $200 million.[230] Congress began tying foreign aid to countries' success in halting drug traffic and production, employing sanctions against Bolivia in 1986 and 1987 when their efforts to eradicate coca were deemed insufficient.[231] Furthermore, expanded media coverage of the drug war increased Americans' awareness of the drug threat, while prison sentences for drug offences grew longer and cocaine seizures increased 400 percent.[232]

While Reagan's administration supported spending for supply-side solutions and expanded prison terms, the president was less interested in providing treatment and education. President Reagan reduced federal funding for drug treatment and prevention from $200 million in 1982 to $126 million in 1986.[233] Perhaps the rationale behind the cut was that if Americans would "Just Say No," as instructed in First Lady Nancy Reagan's new drug slogan, they would not require the use of these services.

Although Reagan reduced funding for treatment, he introduced an era of heavy federal spending on drug eradication and interdiction in source countries, coupled with U.S. military involvement in foreign drug enforcement. One of his last major acts as president was signing the Anti-Drug Abuse Act into law in November, 1988.[234] Among other things, this bill allowed for the creation of the Office of National Drug Control Policy (ONDCP)[235] and permitted the United States government to provide military assistance, weapons and ammunition to foreign law enforcement entities for the purpose

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[230] Bruce Michael Bagley, "The New Hundred Years War?" in *The Latin American Narcotics Trade and U.S. National Security*, edited by Donald J. Mabry (New York: Greenwood Press, 1989), 46.
[231] Ibid.
[232] Ibid.
[233] Ibid., 47.
[234] Ronald Reagan, "Remarks on Signing the Anti-Drug Abuse Act of 1988," in *The Public Papers of President Ronald W. Reagan*, November 18, 1988 http://www.reagan.utexas.edu/archives/speeches/1988/111888c.htm (accessed January 30, 2008).
[235] ONDCP, "Legislation Fact Sheet" http://www.whitehousedrugpolicy.gov/about/legislation.html (accessed February 1, 2008).

of fighting drug traffickers.[236] This bill was significant in laying important groundwork for the U.S. Government's involvement in controlling drug production in Colombia.

During the 1988 presidential election, drugs remained a central issue for voters. In an ABC/*Washington Post* poll from 1988, 26 percent of Americans cited drugs as the "single most important problem facing the United States today."[237] Drugs were a key issue in the campaign of then-presidential candidate George H.W. Bush, who stated that drugs were "public enemy number one" and that a "major part" of his goal as a nominee was to "stop them from damaging our society and our country."[238] After his election, he announced to the American public that his administration would solve the nation's drug problem, declaring "[t]ake my word for it: this scourge will stop."[239]

Initially, the administration of President William Clinton seemed to take a somewhat different stance on the nation's drug problem. During Clinton's presidency, as part of fulfilling his campaign promise to reduce the White House staff, Clinton cut the number of people employed at the ONDCP from its Bush presidency high of 146 down to a mere 25—the most significant staffing decrease of Clinton's presidency.[240] His National Security Council ranked narcotics as 29th out of 29 on its list of priorities.[241]

It is clear from these decisions that President Clinton initially sought to downgrade the priority given to the war on drugs and give his attention to more pressing

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[236] Library of Congress, THOMAS, "Congressional Research Service Summary **H.R.5210**: A bill to prevent the manufacturing, distribution, and use of illegal drugs, and for other purposes." http://thomas.loc.gov/cgi-bin/bdquery/z?d100:HR05210:@@@D&summ2=m& (accessed May 1, 2008).
[237] Victor Hinojosa, *Domestic Politics and International Narcotics Control: U.S. Relations with Mexico and Colombia, 1989-2000*, (New York: Routledge, 2007), 15.
[238] Ibid.
[239] Ibid.
[240] John Hart, "President Clinton and the Politics of Sympolism: Cutting the White House Staff," *Political Science Quarterly*, Vol. 110, No. 3. (Autumn, 1995), 390, http://links.jstor.org/sici?sici=0032-3195%28199523%29110%3A3%3C385%3APCATPO%3E2.0.CO%3B2-D (accessed February 13, 2008). See also Hinojosa, 53.
[241] Hinojosa, 53.

issues, such as the nation's economy. However, the 1994 elections changed this, when both the Senate and House changed from Democratic to Republican Control.[242] The President began to face increasing pressures from the Republican-dominated congress to get tough on the drug issue, and in 1994, the Senate voted 94-0 to deny aid to Colombia if full cooperation on drug matters was not achieved.[243] President Clinton agreed to decertify Colombia in March of 1996.[244] In his final year of office he further demonstrated his commitment to the war on drugs by signing the 1.3 billion dollar aid package known as Plan Colombia into law in July 2000.[245]

The "war on drugs" has continued to escalate ever since. Drug policy researcher Jon Caulkins estimates American taxpayers now pay as much as $40 billion each year to fund the ongoing drug war.[246] Half a million Americans are currently in prison for drug crimes and yet levels of drug trafficking remain virtually unchanged.[247] Despite the vast amount of resources allocated to fighting drugs, the "war on drugs" has met with little measurable success. Nevertheless, the U.S. Government maintains a consistently prohibitionist mindset regarding drug use, citing the many social costs of drugs as support for keeping drugs illegal.

There are many American economists and policy analysts who continue to recognize the important role of a demand-side solution to the drug problem. Economist

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[242] Ibid., 52.
[243] Ibid, 53.
[244] "U.S. Support for Plan Colombia," Center for International Policy, http://www.ciponline.org/facts/coaid.htm (accessed February 13, 2008).
[245] Ibid.
[246] Juan Forero, "Colombia's Coca Survives US Plan to Uproot It," *New York Times,* August 19, 2006, Americas Section, Online Edition, http://www.nytimes.com/2006/08/19/world/americas/19coca.html?n=Top/Reference/Times%20Topics/Organizations/U/United%20Nations (accessed November 30, 2007).
[247] Ben Wallace Wells, "How America Lost the War on Drugs: After Thirty-Five Years and $500 Billion, Drugs Are as Cheap and Plentiful as Ever: An Anatomy of a Failure" *Rolling Stone*, November 27, 2007, http://www.rollingstone.com/news/story/17438347/how_america_lost_the_war_on_drugs (accessed December 3, 2007).

Milton Friedman called publicly for the legalization of drugs beginning in the 1970s, arguing that it was "hopeless" to try to eliminate or even reduce drug traffic so long as large amounts of money were involved.[248] The *Economist* has also supported decriminalization of drugs for some time, using the utilitarian argument that the social "costs" of legalizing cocaine would not be as great as the ongoing expense of an unsuccessful war on drugs.[249]

In their policy study of U.S. involvement in Colombia, Edgardo Buscaglia and William Ratliff conclude that decriminalizing cocaine would reduce the profits of DTOs. They also advocate a shift in U.S. policy from "military based efforts" (such as spraying coca fields), to addressing Colombia's fundamental social and economic crises.[250] The ACLU also opposes criminalization of drugs, citing the longstanding failure of drug prohibition programmes and the disease-increasing aspect of criminalization (poor quality control, proliferation of dirty needles and lack of treatment centers) as reasons for re-examining the benefits of prohibition.[251]

Moreover, it is also generally accepted that drug prohibition carries with it the effect of reducing consumption of "softer" drugs, such as marijuana, because they are bulkier and thus more difficult to transport, which leads to lower profit margins for DTOs. The end result is that traffickers tend to emphasize the role of hard drugs—such as

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[248] Milton Friedman, "Prohibition and Drugs" in *Newsweek* May 1, 1972, http://www.druglibrary.org/special/friedman/prohibition_and_drugs.htm (accessed December 1, 2007).
[249] "Handle with care," *Economist* 367, no. 8327 (June 07, 2003): 11-12. *Academic Search Complete*, http://login.ezproxy.library.ualberta.ca/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=tnh&AN=9970913&loginpage=login.asp&site=ehost-live&scope=site (accessed December 2, 2007).
[250] Buscaglia and Ratliff, 20.
[251] "Against Prohibition" American Civil Liberties Union Website, http://www.aclu.org/drugpolicy/gen/10758pub19950106.html (accessed December 3, 2007).

heroin and cocaine—in their drug portfolios. This phenomenon is known as the "iron law" of drug criminalization and is widely recognized by economists.[252]

It should be noted that, in addition to these factors, some authors, such as Belén Boville, argue that many powerful groups within the United States actually have a vested economic interest in promoting the drug industry and keeping drugs illegal. The United States is not only the world's largest consumer of illegal substances; it is also itself a leading producer and trafficker of drugs. It is estimated that at least 80 percent of money earned through drug trafficking remains in the United States and that many mafia groups depend heavily on drugs for their business.[253] Since many American trafficking groups are intimately tied to Colombian DTOs, it seems reasonable to conclude that they are able to exert a considerable amount of pressure.

However, while there are many voices calling for a reform of U.S. drug policy, it appears most Americans continue to be persuaded by arguments in favour of prohibition. Years of exposure to media reports on the devastating effects of drug abuse have conditioned the majority of the American public to sense that it is just plain wrong to legalize drugs. Moreover, the U.S. Government also feels strongly about what they fear will be the social costs of any form of legalisation. This fear is reflected in America's ever-more extravagant spending programmes designed to enforce drug policy, the most prominent of which is the extensive military and social aid package known as Plan Colombia.

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[252] Harry G. Levine and Craig Reinarman, "From Prohibition to Regulation: Lessons from Alcohol Policy for Drug Policy," *The Milbank Quarterly*, Vol. 69, No. 3, Confronting Drug Policy: Part 1, (1991), 466-7, http://links.jstor.org/sici?sici=0887-378X%281991%2969%3A3%3C461%3AFPTRLF%3E2.0.CO%3B2-P (accessed December 3, 2007).

[253] Belén Boville, *The Cocaine War in Context: Drugs and Politics*, translated by Lorena Terando (New York: Algora Publishing, 2004), 88-89.

Plan Colombia

In the 1960s, concern over the spread of communism in Cuba was on the rise in the United States. As a result, when news of guerrilla activity in the jungles of Colombia reached the Americans, it intensified U.S. military interest in the region. Although the spread of communist ideology was initially the main cause for U.S. concern, the focus shifted in the 1970s and 1980s when it became apparent that there were connections between the guerrilla and the drug cartels.[254] As a result, in keeping with the policy of containment, the Americans began supplying the Colombian army with helicopters and monitored the Caribbean coast in hopes of preventing the movement of weapons from Cuba to Colombia.[255] This funding was expanded during the 1980s under the Reagan administration.[256]

The United States has provided substantial funding to combat the psychoactive drug industry in Latin America (and Colombia in particular) for the past thirty years. These efforts have largely been focused on interdiction and eradication of drug crops, and the U.S. Government has assisted many Andean governments by funding spraying programmes for the past several decades. Throughout the 1990s, U.S. government-sponsored eradication programmes helped to reduce the number of hectares devoted to coca growth in Bolivia and Peru.[257]

However, in spite of similar programs in place in Colombia, coca cultivation grew from 51,000 hectares to 123,000 in that country over the same period. By 2000, the UN Drug Control Program placed estimates of current land under cultivation at a staggering

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[254] Randall, 1992, 248-249.
[255] Ibid.
[256] Ibid., 249.
[257] United Nations Office for Drug Control and Crime Prevention, 2000, 29-30.

400,000 hectares.[258] The World Bank reports that between 1980 and 2000, Colombia's cocaine production grew exponentially, from less than 100 tons in 1980 to more than 500 million tons in 1999.[259] This amounted to a 500 percent growth in production and a 700 percent expansion of growing areas over this period, and ensured Colombia's status as the unquestioned leader in supplying the global cocaine market.[260] Even more frustrating was the fact that over this same twenty-year period, the U.S. and Colombian governments had undertaken an aggressive campaign of aerial eradication that appeared to have had no affect on coca cultivation whatsoever. In fact, it would appear that twenty years of aggressive attempts to halt the activities of the cartels only resulted in increasing the profitability of their enterprise.

This situation was unacceptable from the American point of view, and in 1998, the Western Hemisphere Drug Elimination Act was passed, which allowed for an additional $690 million combating drugs throughout the Western Hemisphere.[261] From this budget, Colombia received a total of $289 million from the U.S. government—more than three times its $88.6 million allotment from the year before and double the amount requested by President Clinton.[262] This aid package made Colombia the third largest receiver of U.S. security assistance on the globe behind Israel and Egypt.[263] Most importantly, it represented an important and decisive shift in U.S. counter narcotics

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[258] Allen, 38
[259] Giugale et al., 43
[260] Ibid.
[261] Hinojosa, 59.
[262] Ibid.
[263] Bob Graham, *Toward Greater Peace and Security in Colombia: Forging a Constructive U.S. Policy* (New York: Council on Foreign Relations Press, 2000), 18-19.

policy from a broad focus on the entire Andean region to one that concentrated on Colombia.[264]

In March of 1999, Colombia was declared to be "fully cooperating" in counter narcotics efforts, and in July of that same year U.S. Drug Czar General Barry McCaffery traveled to Bogotá to meet with senior Colombian officials.[265] When he arrived back in Washington, McCaffery proposed expanding aid to the country by as much as a billion dollars, declaring that Colombia desperately needed the money in order to fight the drug war effectively.[266] U.S. Undersecretary of State Thomas Pickering left for Colombia the following month with a delegation assigned to determine how to go about creating an aid package, and it was out of this trip that Plan Colombia was born.[267]

President Pastrana reportedly told Thomas Pickering that Colombian's needed "a Marshall Plan"[268] and that was more or less what they got. However, while Colombians received enormous funding from the plan, it came at a cost, namely in the form of submitting to extradition and engaging in more aggressive aerial spraying programmes. Although extradition of drug criminals for trial in the United States had been banned in the constitution of 1991, the practice was revived and in November of 1999 two men were extradited to the United States to face charges of drug trafficking.[269] Fernando Cepeda Ulloa, a Colombian political leader and scholar deemed Pastrana's support for Plan Colombia an "unprecedented experience of cooperation…beyond any historical

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[264] Hinojosa, 59.
[265] Ibid., 60.
[266] Ibid.
[267] Ibid.
[268] Ibid.
[269] Ibid.

experience in the bilateral relationship."[270] Although President Pastrana's acquiescence to U.S. demands hurt his reputation at home and raised questions about the nation's sovereignty, it insured substantial aid from the U.S. Government.

Then, in June of 2000, as part of Plan Colombia, the U.S. Congress promised to contribute $1.3 billion spaced out over a two-year period.[271] The U.S. backed portion was promoted as a means of aiding Colombia "in its efforts to fight the illicit drug trade, to increase the rule of law, to protect human rights, to expand economic development, to institute judicial reform and to foster peace."[272] Funding for Plan Colombia was divided more or less along these lines.

While the U.S. Government's Fact Sheet on Plan Colombia expresses the desire for successful peace negotiations between the Colombian Government and various armed revolutionary groups, the plan itself allocated $3.905 billion to assist the Colombian army in reclaiming the southern portion of the country from guerrilla groups.[273] Moreover, a significant portion of the budget was dedicated to the purchase of sixteen Black Hawk helicopters and other high tech military equipment;[274] far more useful in the aerial eradication of guerrilla forces than in spraying coca fields.

Despite serious concerns over the Colombian Government's human rights record, Plan Colombia was approved. And while receipt of the aid was initially dependent on Colombia improving its human rights record, this requirement was waived a month after

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[270] Fernando Cepeda Ulloa, *The Summit of the Americas and the fight against drugs: Monitoring Implementation of the Summit of the Americas* (Coral Gables: The Dante B. Fascell North-South Centre, 2000), 13.
[271] Graham, 19.
[272] U.S. Department of State, "Plan Colombia." Fact Sheet, Bureau of Western Hemisphere Affairs, 14 March 2001, http://www.state.gov/p/wha/rls/fs/2001/1042.htm (accessed November 30, 2007).
[273] Ibid.
[274] Ibid.

the plan was announced.[275] Nevertheless, the Governments of Colombia and the United States held out hope that Plan Colombia would succeed where previous plans had failed, and in 2000, Plan Colombia was unveiled to the American public.

Although the U.S. has supported aerial coca eradication programmes in Colombia for some time, Plan Colombia marked the beginning of greater direct involvement. Beginning in January of 2001, the Colombian government—under U.S. supervision—began spraying on a much broader scale. The results of this spraying campaign have been touted by the U.S. Government as signs of Plan Colombia's success. However, upon closer examination, its results prove negligible.

Two factors are generally taken into account when measuring the success of eradication efforts: the number of acres under cultivation and the amount of cocaine produced. Plan Colombia has been very successful in limiting the amount of land on which coca plants are grown. In the years following adoption of Plan Colombia (2000-2006), the amount of land area in Colombia devoted to coca cultivation reportedly dropped 52 per cent.[276] This significant reduction in the amount of land area devoted to growing drugs is trumpeted as a sign of Plan Colombia's success and would seem to indicate less coca is being cultivated and therefore less cocaine is being produced.

However, there are several problems with relying on the number of hectares devoted to coca in order to measure the success of eradication efforts. Since growing and producing drugs is illegal, obtaining precise data on PSAD production is very difficult.

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[275] Rachel Massey, "The Drug War in Colombia: Echoes of Vietnam," in *Journal of Public Health Policy*, Vol. 22, No. 3.(2001), 280, http://links.jstor.org/sici?sici=0197-5897%282001%2922%3A3%3C280%3AT%22WICE%3E2.0.CO%3B2-R (accessed November 10, 2007).

[276] United Nations Office for Drug Control and Crime Prevention. *UN World Drug Report 2007*. 60, http://www.unodc.org/pdf/research/wdr07/WDR_2007.pdf (accessed November 1, 2007).

The area of land under cultivation is one feature to be considered, but there are others, such as the amount of drug seizures and their estimated street price.[277] These statistics are then further complicated when one considers the fact that many of the drugs that are seized later make their way back to the street for redistribution.[278]

Thus, while the land area under cultivation may have decreased between 2000 and 2006, it appears that the actual amount of cocaine produced increased significantly over the same period. In 2005, 756 million tonnes of cocaine were seized—the highest amount ever recorded.[279] This is generally seen by analysts of the drug industry (including the U.S. State Department) as a sign that drug production has expanded. Overall, the U.S. State Department agrees that, despite eradication efforts, the actual *quantity* of coca grown in Colombia remains relatively unchanged,[280] a fact which experts attribute to more efficient methods of cultivation. Thus, despite decreases in land under cultivation in Colombia, the overall capacity for production has remained relatively stable.

If Plan Colombia has failed to reduce the amount of cocaine produced, then it has been a massive failure, regardless of the reduction in land area used. In fact, it is quite possible that the only measurable result of fumigation is the number of Colombians it has displaced. Fumigation is known to cause serious health problems, and aerial eradication can render coca cultivator's land sterile for a year or longer, often forcing farmers to

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[277] While there are no official street prices for cocaine or other PSADs, the U.S. Drug Enforcement Agency (DEA) does attempt to make annual price estimates. See Thoumi, "The Size of the Illegal Drugs Industry in Colombia" *The North South Agenda Papers Number Three* July 1993 (Coral Gables, Florida: University of Miami, 1993), 2.
[278] Ibid., 2-3.
[279] United Nations Office for Drug Control and Crime Prevention, 2007, 70.
[280] Forero, 2006.

leave their property. [281] The practical result of this practice is only the further destabilisation of Colombia's society and economy. Moreover, by compelling people to abandon their land, fumigation functions as a form of land invasion that represents the continuation of the ineffective land practices that have troubled Colombia for over a century.

Despite evidence to the contrary, the U.S. Government continues to deny that glyphosate produces harmful effects in humans and farm animals. According to a State Department fact sheet, "[t]here are no risks of concern for glyphosate by itself…since toxicity is very low."[282] They likewise maintain that the risk to ground water and plant life is minimal, since glyphosate "bonds tightly to the soil particles."[283] Rachel Massey, research associate with Tufts University Global Development and Environmental Institute notes that, despite the U.S. State Department's ongoing claims regarding the safety of glyphosate, Monsanto, the manufacturer of Roundup (and the glyphosate formula used in Colombia to eradicate coca) agreed in 1996 to discontinue claims that its product was "safe, non-toxic, harmless or free from risk."[284]

In response to ongoing questions regarding the safety of continued aerial spraying, the State Department wrote the following:

> Many of these reports are based on unverified accounts by growers whose illicit crops have been sprayed. Because their illegal livelihoods have been affected by the spraying, these persons do not offer objective information about the program. Illegal armed groups are the source of other complaints, since they derive much of their incomes from illicit crops and have a significant interest in fomenting opposition to the spray program. [285]

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[281] Boville, 178.
[282] US Department of State, "Aerial Eradication of Illegal Crops: Frequently Asked Questions" http://www.state.gov/p/inl/rls/fs/18987.htm (accessed May 2, 2008).
[283] Ibid.
[284] Massey, 2001, 282.
[285] U.S. Department of State, 2003.

Thus, according to the State Department, claims of damages to persons or livestock as a result of spraying are illegitimate because those involved are perceived as guilty of involvement in illegal activity.

Diana Murcia, a lawyer from one of Colombia's leading human rights organizations, La Corporación Colectivo de Abogados José Alvear Restrepo (CCAJAR) responded by arguing that "it is an attack on the very idea of citizenship to suggest that all complainants have links with armed groups…[t]hose who complain about the spraying and its impact on human life cannot automatically be stigmatised as drug-traffickers or members of armed groups."[286] Nevertheless, assumption of guilt has been a primary tactic of both the U.S. and Colombian governments when it comes to discussions concerning the dangers of spraying. Colombian President Álvaro Uribe dismissed the concerns raised about spraying by non-governmental organizations, saying "when terrorists start feeling weak, they immediately send their spokesmen to talk about human rights."[287]

With regards to the symptoms exhibited by the victims of spraying, the State Department goes on to suggest that primitive health conditions (and exposure to pesticides and other chemicals associated with drug production) are likely to blame:

> The U.S. Embassy in Bogotá investigates all cases of health damage allegedly connected to the spray program, provided that enough detail is provided to permit an investigation. Despite numerous investigations, not a single claim of harm to human health as a result of the spray program has ever been substantiated. These health problems are more likely to be caused by bacteria, parasites, and infections endemic in the remote rural areas where illicit cultivation takes place. Many are

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[286] As quoted in Hugh O'Shaughnessy and Sue Branford. *Chemical Warfare in Colombia: The Costs of Coca Fumigation* (London: Latin America Bureau, 2005), 86.
[287] As quoted in O'Shaughnessey and Branford, 62.

> also likely caused by exposure to the other pesticides and processing chemicals used by growers of illicit crops or by diseases endemic to the regions.[288]

Interestingly, while the U.S. Embassy in Bogotá may not have uncovered any evidence of illness as a result of spraying, on June 13, 2003 the Administrative Tribunal of Cundinamarca found the programme "too dangerous" and declared that it should be discontinued until the Colombian Government could prove it was harmless.[289] In response, the Government ignored their request and continued spraying, stating that spraying was a major tenet of Plan Colombia and that if the Colombian government was incapable of discharging its responsibilities under the Plan "it would be subject to international reprisals with incalculable consequences."[290] This response indicates that the Colombian government has become so dependent on the American aid it receives through Plan Colombia that they are extremely hesitant to even consider questioning the consequences of the spraying programme.

Virtually all of Colombia's agreements with the United States—such as the Andean Trade Promotion Act and Plan Colombia—require the Colombians to cooperate in the eradication of drug crops and elimination of corruption. But while the Colombian government vocally supports U.S. programmes to eradicate drug crops and eliminate corruption, their efforts have achieved little success. Moreover, corruption is so imbedded in the Colombian government that it calls into question the possibility of administrating aid effectively. For example, an independent commission sponsored by the U.S. Council on Foreign Relations estimated in 2004 that at least half of the contracts that

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[288] U.S. Department of State, 2003.
[289] Richard Dahl, "Colombia Defies Court on Coca," *Environmental Health Perspectives*, Vol. 112, No. 1. (Jan., 2004), A26, http://links.jstor.org/sici?sici=0091-6765%28200401%29112%3A1%3CA26%3APCDCOC%3E2.0.CO%3B2-4 (accessed February 1, 2008).
[290] O'Shaughnessy and Branford, 85-86.

pass through the state involved bribes that cost the Colombian economy more than $480 million a year.[291] Misappropriation of funds from the state budget was estimated to cost taxpayers $1.76 billion a year.[292]

Despite the Colombian government's ongoing failure to substantially reduce drug cultivation or institutionalized corruption, it continues to receive considerable aid from the United States government—reducing the government's incentive to address these issues seriously. Thus the Colombian government can ensure the continued support of the U.S. by appearing compliant with the aims of Plan Colombia while expending minimum effort on rooting out corruption. After all, it stands to reason that, were corruption and drugs to be wiped out entirely, the Colombian government would face a great deal of difficulty raising funds comparable to those received through U.S. aid.

In fact, when viewed from the point of view of dollars invested, the drug industry has actually been far more successful than legitimate business in encouraging foreign investment. For example, Colombia did *not* receive billions of dollars from the U.S. when global coffee prices dropped under President Barco in 1989.[293] Though this price drop was a very real danger to the stability of the economy, it did not attract anywhere near the international attention fostered by the rise of Colombia's guerrilla groups or the ascendency of the Medellín and Cali cartels.

The panic inspired by the threat of drugs has caused the Americans to provide the Colombian government with lucrative aid packages in exchange for half-hearted and ineffective drug interdiction and eradication plans. Many of these drug eradication programmes—such as Plan Colombia—have also assisted the Colombian government in

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[291] Christman, 74.
[292] Ibid.
[293] Thoumi, 1995, 57.

funding their war against the guerrillas, as indicated by the purchase of Black-Hawk helicopters and the U.S. government's assurance that they will continue to assist the Colombians in combating insurgent and paramilitary forces.[294] As Co-chair of the Andes 2020 Commission Daniel Christman noted somewhat ironically in his report to the Council on Foreign Relations, if the drug industry's profits are any indicator of the country's potential, legitimate U.S. -Colombian trade should prove enormously successful.[295]

Nevertheless, a report to the U.S. Council on Foreign Relations expressed concern that Colombian government has failed to effect land reform[296] or cut ties with the paramilitaries.[297] There are also continuing concerns about the Colombian military, which routinely engages in human rights violations.[298] Nonetheless, the Council continues to support the United States' involvement in Colombia's military, arguing that their involvement could perhaps serve to limit government corruption.[299]

Eradicating barriers to economic exchange through programmes like the Andean Trade Promotion Drug Eradication Act—which opens access to U.S. markets—encourages exploiting differences in markets to increase profitability. For this reason, the instability of Colombia's economy has actually resulted in increased trade for a variety of businesses, particularly those based in largely unprocessed goods. Unfortunately, a major result of this increase in trade is that the increasing presence of international business has proven the perfect cover for illegal activity, as demonstrated by the occasions on which

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[294] Graham, 21, 23, see also Christman, 61-62
[295] Christman, 27.
[296] Ibid., 32-33.
[297] Ibid., 32-33, 63.
[298] Graham, 21 see also Christman, 77-78.
[299] Christman, 62.

paramilitary and guerrilla groups have threatened and bribed companies into helping them smuggle drugs and arms in and out of the country. For example, in 2001, using ships owned by leading banana Chiquita Brand, the *Autodefensas Unidas de Colombia* imported 3,400 AK-47s and four million cartridges originating in Nicaragua to AUC forces in Colombia.[300] The analysts consulted by the Newspaper *El País* argued that the black market in weapons—worth millions of dollars per year—utilizes the same routes followed by drug traffickers, meaning that drugs are often exchanged for weapons, not cash,[301] emphasizing the powerful role drugs play in exacerbating and fuelling Colombia's ongoing civil war.

Involvement in the Colombian black market is even more widespread. A variety of U.S.-based companies, including Hewlett Packard, Ford, Sony, General Motors, Whirlpool, General Electric and Phillip Morris have all become involved in selling their products as part of the Colombian black market.[302] While these companies continue to maintain that they have been unwitting victims of the Black Market Peso Exchange (BMPE), the suspicious way in which they have received money from the BMPE—wire exchange in small amounts from third parties or through third party checks—makes it difficult to believe they were entirely unaware that they were making exchanges with criminal organizations.[303]

In 2000, these companies were invited to a private meeting with former Attorney General Janet Reno and Deputy Treasury Secretary Stuart Eizenstat to "educate" them on

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[300] "Colombia es un imán para tráfico de armas," *El Pais*, http://www.elpais.com.co/paisonline/notas/Abril082007/armas.html (accessed April 8, 2008).
[301] Ibid.
[302] Orianna Zill and Lowell Bergman, "U.S. Business and Money Laundering" PBS Frontline, http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/us.html (accessed April 15, 2008).
[303] Ibid.

how to avoid being "taken in" by the BMPE. The press was not invited or notified about the meeting.[304] Situations like this are embarrassing for the U.S. Government and American companies, but they demonstrate the challenges of eliminating trade barriers with a nation so infiltrated with drug money.

While some might see this as an example of why Colombia must directly address narcotrafficking, it actually demonstrates the profound difficulty of separating the drug industry from the rest of the country's armed conflict. The destruction of many of the more powerful drug cartels during the 1990s merely splintered the cartels into smaller, less easily identified groups who have had increasing success in their operations.[305] Additionally, the most destructive development of targeting the drug trade has been the increasing involvement on the part of guerrilla and paramilitary groups.

In *Andes 2020*, an independent commission for the Council on Foreign Relations argues there is validity to the hypothesis that trade liberalization and economic incentives will motivate many Colombians to seek out legitimate sources of income. Nonetheless, it acknowledges that any examination of Colombia's economy that fails to take into account the vast profits produced through the growth, production and marketing of illicit drugs is not fully formed.[306] So far, attempts to provide incentives have proven untenable. For example, it has been the United States' stated policy since at least 2000 that the Colombian government must work towards land reform in order to continue receiving U.S. assistance, but as of 2004, little had been accomplished on this front.[307]

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[304] Ibid.
[305] Christman, 57.
[306] Ibid., 26.
[307] Ibid., 32-33.

Plan Colombia also emphasises the importance of an alternative development strategy with programmes that offer financial incentives for farmers who grow legal crops.[308] Unfortunately, it will never be possible to pay farming subsidies large enough to make growers entirely abandon cultivating illegal plants—unless, of course, there was a major decline in drug prices—a feat that could not be accomplished apart from the legalization of drugs in consuming countries—an experiment that is unlikely to be carried out any time soon. An independent task force reporting to the Council on Foreign Relations noted in 2000 that Plan Colombia had begun as "more of a catalogue of problems" than a roadmap to success.[309] Sadly, seven years after Plan Colombia was put into action this statement rings truer than ever before.

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[308] Plan Colombia: Plan for Peace, Prosperity, and the Strengthening of the State United States Institute of Peace http://www.usip.org/library/pa/colombia/adddoc/plan_colombia_101999.html (accessed April 25, 2008).
[309] Graham, 18.

Chapter IV

Conclusion

The weight of the evidence indicates that the huge profits generated by the psychoactive drug trafficking industry have benefitted the Colombian economy. While poverty and inequality alone cannot explain Colombia's infamous status as a leading centre for the production and trafficking of illicit drugs, the country clearly possesses a number of characteristics that contribute to its success in trafficking and producing drugs. The social and political climate of Colombia has allowed narcotrafficking and the cultivation of drugs to become key to the economic success of Colombians involved in the industry at all levels—including the farmers who grow the drugs—providing them with more lucrative wages than could be earned legitimately. It is also amply evident that the industry helps perpetuate the country's ongoing armed conflict.

Unfortunately, while there have been promises to root out corruption, illegal activity remains practically unchecked, as the nearly $5 billion laundered in Colombia in 2000 clearly attest. At the same time, the Americans' attempt to limit the supply of psychoactive drugs through aerial eradication of drug crops has been a dismal failure. And, while legalizing the production and cultivation of drugs is the most effective means of putting a stop to the problem, current policy indicates this is not an option for the U.S. at this time. It appears that the drug lords' "money machine" will continue to function practically unchecked for some time.

Where does this leave U.S. and Colombian policy? Allocating additional funds to attacking the problem has not worked in the past and is unlikely to work in the future. An

independent task force reporting to the Council on Foreign Relations noted in 2000 that Plan Colombia was "more a catalogue of problems" than a roadmap to success.[310] Seven years down the road this statement rings truer than ever before.

At this point, it appears that tackling the climate of corruption in Colombia is the only tactic that may produce results. If land reform were achieved, it is possible that it might persuade some farmers to turn from growing drugs to cultivating legitimate crops. Nevertheless, money from the DTOs has penetrated the economies of both Colombia and the U.S. and has been accompanied by additional funds from the "war on drugs." Thus, while the drug trade has exacerbated corruption and violence, it has also rendered itself indispensable to Colombia's economy and frequently fraudulent regime. Whatever chance the country has to exorcise its demons, the road ahead is likely to be a long and difficult.

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[310] Graham and Scrowcraft, 18.

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